

MANDENI MUNICIPALITY (KZN 291) ANNUAL BUDGET 2017/18 & MTREF



2017/18

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	kWh	kilowatt
ASGISA	Accelerated and Shared Growth Initiative	ℓ	litre
BPC	Budget Planning Committee	LED	Local Economic Development
CBD	Central Business District	MEC	Member of the Executive Committee
CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act Programme
CM	Municipality Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NERSA	National City Regulator South Africa
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental organisations
EM	Executive Mayor	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross domestic product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Strategy	RG	Restructuring Grant
IT	Information Technology	RSC	Regional Services Council
kl	kilolitre	SALGA	South African Local Government Association
km	kilometre	SAPS	South African Police Service
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprise

Part 1 – Annual Budget

1.1 Mayor's Report

SPEECH BY THE MAYOR OF MANDENI MUNICIPALITY, HIS WORSHIP, COUNCILLOR SB ZULU ON THE OCCASION OF THE TABLING OF FIRST DRAFT INTEGRATED DEVELOPMENT PLAN (IDP) AND BUDGET 2017/18 AT ISISBUSISIWE HALL ON 28 MARCH 2017

**Madam Speaker,
Deputy Mayor,
Chairperson of the MPAC,
Members of the Executive Committee,
Fellow Councilors,
Members of Traditional Councils within Mandeni,
Head of Administration,
Directors,
Municipal Officials,
Media and
Members of the Public at large,
Ladies and Gentlemen**

Madam Speaker, I would like us to join South Africans in mourning and reflecting on the sadly passing of one of our anti-apartheid veterans Mr Ahmed Kathrada who was also the one of the last three surviving members who were convicted under Rivonia Trial as they sacrificed their lives for the attainment of freedom by South Africans. Let me commence by thanking you, Madam Speaker for allowing me the opportunity to table the Draft IDP and Budget for 2017/18 which marks the first financial year in terms of the 5 Year IDP.

We table this IDP and Budget of the people, seven days after the Nation commemorated the Human Rights Day on 21 March 2017, a day which is historically linked with 21 March of 1960 and the events of Sharpeville.

It was on that day that 69 people were massacred whilst 180 were wounded when the brutal apartheid police opened fire to a peaceful crowd gathered in protest against the Pass Laws.

Madam Speaker, South Africa is facing difficult period in terms of its economic trajectory caused by a number of factors, including the global economic meltdown. Challenges we face not only as a people of Mandeni but as a people of South Africa which is party to the global village.

As we present this proposed IDP and Budget, we do so within the constraints of ever increasing needs and shrinking budget resources due to the economic climate and the challenges that still face the Country being unemployment, poverty and inequality.

As such Madam Speaker, cost cutting measures continues to be the order of the day. Our expenditure should continue to be with care and financial discipline to ensure that we continue to make a difference to the lives of our people, despite all odds.

I say so Madam Speaker, because history tells us that as a people of this country, we have faced far more difficult challenges under apartheid but together we have overcome. We have proven time and again that together, we are strong, resilient and creative enough to also overcome these new challenges that we now face as a society.

As soon as we took office following the successful Local Government Elections held on 03 August last year, we hit the road running as per our promise to our people.

Madam Speaker, Members of Council, Media and Community at large, it is an honor for me to deliver this Integrated Development Plan and Budget Speech 2017/18.

We are proud to report that this IDP and Budget is truly the Budget of the people because it is informed by their inputs which they gave during our engagement with them which commenced shortly when we took office (October to December 2016). As per our promise when this Council was inaugurated, we have been to all 18 Municipal Wards to consult with our people in ensuring that their aspirations indeed find expression on the Five Year IDP and Budget we are tabling here today.

We have also hosted a three days Youth Jobs Summit, where young people in particular together with industry captains put their heads together to find ways in which the Municipality with all stakeholders can play a role in reducing unemployment especially amongst our young people.

We continue to make a clarion call to all of us, to play our part in contributing towards the growth of our economy by doing simple things. One is by ensuring that our local environment is safe for business, simplified administrative compliance processes, skilling of local people in various disciplines and ensuring provision of quality and appropriate infrastructure to attract both domestic and foreign investments to our area.

Also it is important to note the critical role that can be played by the existing Traditional Councils within Mandeni in unlocking economic opportunities by availing land for development, which will benefit the local communities, especially in the agricultural sector.

We have continued with our Bursary programme and assisted 50 learners with registration bursaries to further their studies at various institutions of higher learning. Further, a total of 18 young people have also benefitted from our continued Driver Education Programme.

We have continued to ensure development on the sport front through a number of programmes including the renowned Mayoral Cup Games as well as SALGA KZN DSR Games. This we do with realization that sport has a potential to alleviate poverty to families where there is talent, irrespective of their social standing.

We have been given yet another clean audit opinion (2015/16) in three successive financial years by Auditor General.

We are therefore encouraged about these achievements and thus re-commit ourselves as a collective to adhere to good governance practices, the principle of a democratic and accountable local government for our communities and observing various legislations governing

Local Government in order to ensure good working ethics for both the administration and the Council.

This we shall do, guided by an understanding that it is crucial to create an atmosphere where it is possible to draw a distinction between administrative and political dichotomies, and therefore making it possible for the Council to play its oversight role.

This, we do, Madam Speaker, because we understand that much of the challenges that Local Government encounters, stems from the blurring lines between the administration and the political function.

It is important that we are able as local government to showcase the achievements we have made in changing the lives of our people for better. Madam Speaker the list on achievements is endless however it is important that we make mention that thousands of our local people (both rural and urban) are now living in decent houses delivered under Human Settlements Housing Programme; thousands of households have access roads that link them with social and economic activities and services within and beyond Mandeni.

Thousands of households have access to clean water and sustainable sanitation programmes; thousands of households are now living in healthy environment through regular waste collections, cleaning of verges and grass cutting. Thousands of households are now having access to electricity; access to library services has improved; sporting facilities for local people are continuously being upgraded, safety of our local residents is continuously improved through establishment of Community Policing Forums, provision of Fire and rescue services as well as Disaster and Risk Management.

Thousands of job opportunities in the process have been created by both governments and private sector during the implementation of various infrastructure and social relief projects particularly in the commercial sector.

Madam Speaker the Council at a strategic Session held in September 2016 took key strategic decisions amongst those was the prioritisation of establishment of Driver License and Testing Centre which shall assist the municipality in enhancing its revenue. I can confirm that such project has been prioritised and allocated budget accordingly. The municipality will continue with Service Delivery Programmes as we have just began with the construction of Chappies Sports field in Ward 14, we shall continue with the upgrade of Hlomendlini Bus Route, we will be commencing shortly with implementation of Highview Park Internal Roads Rehabilitation Project, we shall continue with the implementation of Electricity Projects in areas like Ward 3, 6, 9 and 10 (Inyoni/ Khanana Housing) through INEP Programme in reducing the electricity backlogs. The municipality has put money aside in enhancing safety of our communities where over 400 streetlights will be put up across all 18 Municipal Wards over a period of 5 years.

The RDP housing roll-out with the assistance from the Department of Human Settlements shall continue in Mathonsi Traditional Areas under Phase 2 Mathonsi Sundumbili covering Ward 5, 10 and 12; Inyoni/ Khanana Housing project as well as Macambini Phase 2 Housing Project covering Ward 1, 2, 8 and 9. As this Council we are engaging with the Department of Human Settlements to fast-track the process of prioritising Isithebe Rural Housing under Stage 2 which is actual implementation or construction of houses as the planning process has been completed.

The Council has also taken a decision to ensure that all Municipal Wards also have Community Halls and this approach will be implemented gradually as funds become available and I can confirm that the Community Hall in Ward 18 is nearing its completion and planning is underway to also build a Community Hall in Ward 13. Our five Year Draft IDP also indicates that few other halls will be built in other Wards during this term of office. However Madam Speaker it is important to emphasise that a situation where such facilities are also accessible to other people from other wards in waiting must be encouraged. Plans to establish a Modular Library in Ward 18 are still on course and the processes of establishing a Community Centre in Macambini are also on course. The municipality has also set aside over R4 mil to upgrade and improve Sport fields such as Machibini, Enembe or Dendethu and construction of Recreational Facilities.

The Council has further taken a strategic decision to minimise the usage of Consultants or out-sourcing of work and I can confirm that the first recorded achievements are the in-sourcing of IT and Waste Management and there are other areas identified for this approach. Having said that, I must indicate to this Council that the municipality intends to continue with the performing of Fire and Rescue Services through Public Private Partnership as it still lacks resources to insource such function.

The municipality continues to roll-out various programmes under Expanded Public Works Programme (EPWP) in creation of jobs opportunities and fighting poverty across all 18 Municipal Wards. Currently the municipality is implementing Zibambebe Programme which is funded through EPWP Incentives Grant; Food for Waste which is internally funded by the Municipality, Community Works Programme in partnership with both National and Provincial Cogta; Working for the Coast in partnership with the National Department of Environmental Affairs; Beach Stewardship Programme in partnership with WESSA and as a result over 800 jobs opportunities are created with a potential to grow to over 1500 jobs opportunities. Other hundreds of jobs opportunities are continuously created through implementation of a number of municipal and other government sector departments' projects such as roads, housing and construction of other facilities. The municipality continues to support SMMEs through various programmes which also include skills development for SMMEs and support with startups material.

Madam speaker, before moving to the budget I think it is important for me to highlight what are the factors which were taken into account when preparing this budget:

- NERSA's proposed increase of 1.88% for the municipalities in according to MFMA circular no.86;
- SALGA's CPI + 1% increase for municipal employees salaries in line with the bargaining council agreement and the provision to fill critical positions;
- National and local economy challenges which are resulting in high rate of unemployment;
- The provision for depreciation to replace our assets;
- The need to increase the allocation for maintenance at least to 8% of the total budget;
- The forecasted inflation of 6.4% and Cost containment measures considering the cash flow position we are at.

In light of the above I am hereby presenting to the council the proposed revenue budget of 216 316 000 for 2017/2018 financial year and capital budget of R59 518 000. This is an increase from current year's operating budget by 6.4 per cent.

The expenditure required to address the poverty challenges will inevitably exceed available funding; hence difficult choices have to be made in relation to tariff increase and balancing

expenditure against realistically anticipated revenues. We have increased the tariff by 6.4 per cent on property rates. Electricity tariff is set at the maximum of 1.88 per cent, while maintaining 6.4 per cent increase on other services.

The operating expenditure budget will be allocated as follows:

The budgeted allocation for employee related costs for the 2017/18 financial year totals R84.2 million, which equals 38.8 per cent of the total operating expenditure. Remuneration of councillors is R13, 7 million. The cost associated with the remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)

Debt impairment is R 3.8 million. The provision of debt impairment was determined based on an annual collection rate of 75 per cent and the Debt Write-off Policy of the Municipality.

Depreciation & asset impairment is set to be R23, million adding to Provision for depreciation. Asset impairment has been informed by the Municipality's Asset Management Policy.

A bulk electricity purchase is budgeted at R14.5 million. Bulk purchases are directly informed by the purchase of electricity from Eskom.

In line with the Municipality's repairs and maintenance plan, Repairs and maintenance is set at R18, 2 million. Contracted services in the 2017/18 financial year totals R13.5 million.

General expenditure is totaling to R45, 9 million. This category comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The total capital budget for 2017/2018 of R59.6 million will be funded as follows:

National Government Grants	R47.1 Million
Own funding	R12.4 Million

This means that our internal funding constitutes 21 percent of our capital budget. In the main the capital budget will be spent on the following projects:

Establishment of new Protection Services Centre	R2.5 Million
Refurbishment of office accommodation	R 8 Million
CBD Upgrade and improvement	R 11.1 Million
Inyoni Taxi route phase 3	R4.2 Million
Chappies sportfield	R2.7 Million
Hardened Sidewalks	R1 Million
Hlomendlini Bus Route (Esiphekephekeni)	R4.9 Million
Upgrade Highview park Roads	R11.4 Million
Sports fields at Padianagar	R 750 000
Recreational Play Park facilities	R1 Million
Upgrade of Machibini Sports field	R2 Million
Sportsfield at Enembe / Dendetu	R2 Million
Construct 1 multi-purpose Hall	R4.2 Million

This is the least we could achieve Madam Speaker, considering the cash flow situation we are currently experiencing.

I should particularly thank the Acting Municipal Manager, Directors and their Managers for doing extremely well in the way that the Municipality is being managed under the circumstances. Despite extreme pressure due to the lack of financial resources, the municipality and its finances have been well accounted.

In conclusion I wish to state that this Draft Budget Speech represents an executive summary of our Municipality's budget 2017/2018 to 2019/2020 Financial Years and captures only key factors. Details are distributed with the Draft Budget Report.

Madam Speaker, it is now my privilege and honour to propose to Council the Draft 2017/2018 Operating and Capital multi-year Budget together with the IDP for adoption as per the budget resolutions set on page 1 of the Draft budget document and the item on the Draft Municipal 5 Year Integrated Development.

I THANK YOU.

**HIS WORSHIP: THE MAYOR
CLLR S.B. ZULU**

1.2 Council Resolutions

Resolution No: C 74

COUNCIL: 30/03/17

On the **30th March 2017** the Council of Mandeni Municipality met at Sibusisiwe Hall in Mandeni to consider the Annual Budget of the municipality for the financial year 2017/18. The Council approved and adopted the following resolutions:

1. The Council of Mandeni Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the Municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables of the budget document:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 20;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 22.
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 24; and
 - 1.1.4. Multi-year and single-year capital appropriations by Municipal vote and standard classification and associated funding by source as contained in Table 16 on page 27.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables of the budget document:
 - 1.2.1. Budgeted Financial Position as contained in Table 17 on page 28;
 - 1.2.2. Budgeted Cash Flows as contained in Table 18 on page 30;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 30;
 - 1.2.4. Assets management as contained in Table 20 on page 33; and
 - 1.2.5. Basic Service delivery measurement as contained in Table 21 on page 35.
- 1.3 The Council of Mandeni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves Schedule of Tariffs
 - 2.1. Schedule of tariffs– as set out in Annexure B,

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 58, 59, 66, 67, 70, 71, 72, 74, 75, 78, 79, 82, 85 and 86 were used to guide the compilation of the 2017/18 & MTREF.

The main challenges experienced during the compilation of the 2017/18 & MTREF can be summarized as follows:

The ongoing difficulties in the national and local economy;
Aging and poorly maintained electricity, roads and municipal infrastructure;
The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
Wage increases for municipal staff that continues to exceed consumer inflation, as well as the need to fill critical vacancies;
The continued difficulty in collecting all that is due to the municipality by consumers: and
Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2017/18 MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2017/18 & MTREF:

The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2017/18 annual budget;
Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
The commitments made with Auditor General in maintaining the clean audit initiatives;
The need to fulfill the municipal mandate on the provision of services on disaster management and public safety;
Tariff and property rates increase should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity.
In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the Annual Division of Revenue Act.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2017/18 & MTREF

KZN291 Mandeni - Table A1 Budget Summar						
Description R thousands	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total Revenue (excluding capital transfers and contributions)	203 740	207 690	207 690	216 316	254 898	272 226
Total Expenditure	203 740	207 240	207 240	216 316	265 830	285 741
Surplus/(Deficit)	0	450	450	(0)	(10 932)	(13 515)
<u>Capital expenditure & funds sources</u>						
Capital expenditure	51 182	37 682	37 682	59 518	45 640	36 405
Total Budget	254 922	244 922	244 922	275 834	311 470	322 146

Total operating revenue has increased by 4.15 per cent or R8.6 million for the 2017/18 financial year when compared to the 2016/17 Adjustments Budget. For the two outer years, operational revenue will increase by 17.84 and 6.79 per cent respectively, equating to a total revenue growth of R64.5 million over the MTREF when compared to the 2017/18 financial year.

Total operating expenditure for the 2017/18 financial year has been appropriated at R216, 3 million. Operational expenditure has grown by 4.38 per cent in the 2017/18 budget and by 22.89 and 7.49 per cent for each of the respective outer years of the MTREF. There has been a balanced budget in 2017/18 financial year of R0. The municipality will need to reprioritize the expenditure to be able to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R59.5 million for 2017/18 has increased by 57.95 per cent more when compared to the 2016/17 Adjustment Budget. The capital programme decreases to R45.6 million in the 2018/19 financial year and then decreases in 2019/20 to R36.4 million. A substantial portion of the capital budget will be funded from government grants. The balance will be funded from internally generated funds.

1.4 Operating Revenue Framework

For Mandeni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's reviewed revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 73 per cent annual collection rate for property rates and other key service charges;
- The Municipality tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- The Tariff policies of the Municipality.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)								
Description	Re	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1							
Revenue By Source								
Property rates	2	28 937	28 937	28 937	28 937	30 789	32 451	34 203
Service charges - electricity revenue	2	12 236	17 186	17 186	17 186	17 270	37 202	39 211
Service charges - water revenue	2	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—
Service charges - refuse revenue	2	7 920	7 920	7 920	7 920	8 395	8 849	9 327
Service charges - other								
Rental of facilities and equipment		305	305	305	305	305	321	339
Interest earned - external investments		3 570	3 570	3 570	3 570	3 000	3 162	3 333
Interest earned - outstanding debtors		7 500	7 500	7 500	7 500	3 500	5 219	6 554
Dividends received						—	—	—
Fines, penalties and forfeits		2 105	1 105	1 105	1 105	505	532	561
Licences and permits		1 255	1 255	1 255	1 255	1 000	1 054	1 111
Agency services						—	—	—
Transfers and subsidies		139 308	139 308	139 308	139 308	151 016	165 503	176 950
Other revenue	2	605	605	605	605	536	604	637
Gains on disposal of PPE						—	—	—
Total Revenue (excluding capital transfers and contributions)		203 740	207 690	207 690	207 690	216 316	254 898	272 226

Table 3 Percentage growth in revenue by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	Ref	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure					
		Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20	
R thousand	1								%
Revenue By Source									
Property rates	2	28 937	28 937	30 789	14.23	32 451	12.73	34 203	12.56
Service charges - electricity revenue	2	17 186	17 186	17 270	7.98	37 202	14.59	39 211	14.40
Service charges - water revenue	2	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	7 920	7 920	8 395	3.88	8 849	3.47	9 327	3.43
Service charges - other					—		—		—
Rental of facilities and equipment		305	305	305	0.14	321	0.13	339	0.12
Interest earned - external investments		3 570	3 570	3 000	1.39	3 162	1.24	3 333	1.22
Interest earned - outstanding debtors		7 500	7 500	3 500	1.62	5 219	2.05	6 554	2.41
Dividends received				—	—	—	—	—	—
Fines, penalties and forfeits		1 105	1 105	505	0.23	532	0.21	561	0.21
Licences and permits		1 255	1 255	1 000	0.46	1 054	0.41	1 111	0.41
Agency services				—	—	—	—	—	—
Transfers and subsidies		139 308	139 308	151 016	69.81	165 503	64.93	176 950	65.00
Other revenue	2	605	605	536	0.25	604	0.24	637	0.23
Gains on disposal of PPE				—	—	—	#DIV/0!	—	0
Total Revenue (excluding capital transfers and contributions)		207 690	207 690	216 316	100%	254 898	100%	272 226	100%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise just below one thirds of the total revenue mix. In the 2017/18 financial year, revenue from rates and services charges totaled R56.5 million or 26.09 per cent. This increases to R78.5 million and R82.7 million in the respective financial years of the MTREF.

The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 53 MBRR SA1 (see page 106).

Operating grants and transfers totals R151.0 million in the 2017/18 financial year and steadily increases to R165.5 million by 2018/19. Note that there is an increase of 8.40 per cent for the 2017/18 financial year and the year-on-year growth is 9.60 per cent and then increase 6.91 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand							
RECEIPTS:	1, 2						
<u>Operating Transfers and Grants</u>							
National Government:		136 754	136 754	136 754	148 377	162 734	174 062
Local Government Equitable Share		122 874	122 874	122 874	134 192	145 834	154 162
Finance Management		1 825	1 825	1 825	1 900	1 900	1 900
Municipal Systems Improvement							
EPWP Incentive		2 055	2 055	2 055	2 285		
Integrated National Electrification Programme		10 000	10 000	10 000	10 000	15 000	18 000
Other transfers/grants [insert description]							
Provincial Government:		2 554	2 554	2 554	2 639	2 769	2 888
Sport and Recreation							
Provincialization of Libraries		1 797	1 797	1 797	1 545	1 622	1 703
Recapitalisation- Community Library		757	757	757	1 094	1 147	1 185
Other transfers/grants [insert description]							
District Municipality:		-	-	-	-	-	-
[insert description]							
Other grant providers:		-	-	-	-	-	-
[insert description]							
Total Operating Transfers and Grants	5	139 308	139 308	139 308	151 016	165 503	176 950
<u>Capital Transfers and Grants</u>							
National Government:		33 757	25 757	25 757	47 118	37 858	39 882
Municipal Infrastructure Grant (MIG)		33 757	25 757	25 757	35 940	37 858	39 882
Neighbourhood Development Partnership					11 178		
Other capital transfers/grants [insert desc]							
Provincial Government:		-	-	-	-	-	-
Other capital transfers/grants [insert description]							
District Municipality:		-	-	-	-	-	-
[insert description]							
Other grant providers:		-	-	-	-	-	-
[insert description]							
Total Capital Transfers and Grants	5	33 757	25 757	25 757	47 118	37 858	39 882
TOTAL RECEIPTS OF TRANSFERS & GRANTS		173 065	165 065	165 065	198 134	203 361	216 832

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6.4 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are moderate this year at 0.31 per cent. Given that these tariff increases are determined by external agencies, the impact they have on the municipality and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows

1.5 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance and Traditional affairs. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA)
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy; for pensioners, physically and mentally disabled persons, a maximum/total rebate of 100 per cent will be granted to owners of rate-able property
- In this regard the following stipulations are relevant:
- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health
- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- The property must be categorized as residential.

The municipality has the valuation roll that was implemented in 2012, and over the years the municipality has been updating it through a supplementary valuation roll. The municipality is in a process of compiling a new valuation roll as the current roll has 4 years of its implementation. The rates tariff for 2017/18 is proposed to be increased.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on the valuation roll implementation from 1 July 2012 and updated supplementary valuation roll is contained below:

As a result there will be a 6.4 percent increase in the rates tariff for 2017/18.

Public Service Infrastructure has been increases by 6.4% which is being phased out in terms of MPRA for 2017/18 which contributes to income forgone. The municipality has applied 25% Rebate/Phasing out discount for PSI properties as we are in the second year of phasing out as per Section 93A of MPRA as per transitional arrangement. Revenue forgone has increased from R726 000 in the 2016/17 Adjustment Budget to R1,6 million in the 2017/18 which has taken into consideration the phasing discount for PSI properties, as we are in the second year of phasing out.

Isithebe Industrial estate as a category, its tariff has been increased by 6.4% which is in line with a negotiated settlement reached with Industrial debtor, mainly Ithala.

Property rates increased from R28.9 to R30.9 million in the 2017/18 financial year. A general tariff increase of 6.4 percent increase (guided by Circular 86) for property categories, excluding Industrial category with an increase of 6.4 per cent. The breakdown of the calculation applied in obtaining the budget amount has been included in the supporting document submitted. In calculating the properties rates budget, the municipality has taken into account the amendments of the MPRA.

Table 5 Comparison of proposed rates to be levied for the 2017/18 financial year

Property Category Use	Current Tariff 2016/17	Proposed Tariff 2017/18
Residential	0.0118	0.0126
Industrial	0.0134	0.0143
Commercial	0.0201	0.0214
Farms Agriculture Purpose	0.0030	0.0031
Farms Commercial Purpose	0.0201	0.0214
Farms Other than (i) and (ii)	0.0188	0.0200
State Owned Properties	0.0188	0.0200
Municipal Properties	0.0000	0.0000
Public Service Infrastructure	0.0030	0.0031
Public Benefit Organisation	0.0000	0.0000
Vacant land	0.0189	0.0201

1.6 Sale of Electricity and Impact of Tariff Increases

NERSA announced the revised bulk electricity pricing structure on the 23rd February 2017 of 0.31 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2017.

Considering the Eskom increases, the consumer tariff had to be increased by 1.88 per cent to offset the additional bulk purchase cost from 1 July 2017. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. In addition those residential customers that are not registered as indigent, but that consume less than 50 kWh per 30-day period will receive 50 kWh free of charge.

It should further be noted that the municipality has adhered to NERSA's advice that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

Correction of overstatement that has been identified in the previous years.

Inclining Block Tariff

The following is the basis of the price increases that has been used in developing the rates for the (Inclining Block Tariff) IBTs as proposed by NERSA:

- Block 1 - The 2017/18 benchmarks were increased by the CPI inflation of 1.88%.
- Block 2 - The 2017/18 benchmarks were increased by the CPI of 1.88% as per the electricity tariff benchmark 1.88%
- Block 3 & 4 - The 2017/18 were increased by 1.88%, Increase is to compensate the capital programs to support the renewal of bulk infrastructure.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 6 Comparison between current electricity charges and increases (Domestic)

kWh	NERSA's benchmark	Current tariff	Proposed	Customers
0 - 50	78 - 86	76.76	78.20	27
51 - 350	103 - 110	103.39	105.93	229
351 - 600	147 - 155	114.04	116.18	475
>600	176 - 182	154.89	157.80	137

Service Charges- electricity revenue has increased from R17.2 million to R17.3 million in the 2017/18 financial year. Electricity revenue increase is due to monitoring the actual electricity billing for the previous year and the agreement entered into between Tugela water works, and also we have taken into consideration the actual rate at which it increases as proposed in the NERSA guideline. Then revenue has been increased by R84 thousands which equated to 0.489 per cent. The breakdown of the calculation applied in obtaining the budget amount has been categorized in the inclining block tariff, and has taken into consideration the conversion to the prepaid system that the municipality is currently implementing for 2017/18 financial year. The decrease in the number of households from 1053 to 1040 is due to SAPPI houses which have been left unoccupied due to SAPPI's restructuring.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's network has therefore become a strategic priority, especially the substations and transmission lines.

The budget for the Electricity Distribution Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R2.2 million for 2017/18 will be necessary to steer the Municipality out of this predicament.

An increase in the sale of electricity has been effected due to the agreement entered into between the municipality and Umngeni water for the implementation of bulk supply for water scheme within Mandeni, as we are the supply authority. Therefore we have considered the maintenance cost and service fees associated to this services, it was then agreed that 10% top up from the invoice billed by Eskom will be billed from Umngeni water for the bulk purchases paid.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. A funding model needs to be developed to mitigate this burden.

1.7 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a surplus.

Projected revenue constitutes of 8.4 million for billing to debtors and 5 million allocated from equitable share for free basic services thus totaling 13.4 million. Projected expenditure is 1.8 million which is allocated for the contactors (refuse removal truck) and free basic services R100 000 and employee cost at R2.1 million, thus projected surplus of R9 million.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2017. Higher increases will not be viable in 2017/18 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

Service Charges- refuse revenue have increased from R7.9 to R8.4 million in the 2017/18 financial year. A general tariff increase of 6 percent has been proposed, also taking into account increase in number of properties that the municipality will be providing service for 2017/18.

An increase of 6 per cent would be counter-productive and will result in affordability, as it will also substantiate providing this service in a surplus.

Increase in number of households from 10508 to 11705, is taking into consideration additional properties through the Inyoni housing (low cost housing) that has been added and it contributes to the free basic services, as these are indigent beneficiaries.

1.7.1 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at 6.4 per cent.

Table 7 MBRR Table SA14 – Household bills

KZN291 Mandeni - Supporting Table SA14 Household bills								
Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent								
<u>Monthly Account for Household - 'Middle Income Range'</u>	1							
Rates and services charges:								
Property rates		375.67	375.67	375.67	6.4%	375.67	398.21	422.10
Electricity: Basic levy		441.05	441.05	441.05	1.9%	441.05	476.00	609.32
Electricity: Consumption		2 003.43	2 003.43	2 003.43	1.9%	2 003.43	2 163.00	2 314.41
Water: Basic levy								
Water: Consumption								
Sanitation								
Refuse removal		121.57	121.57	121.57	6.0%	121.57	129.00	136.74
Other								
sub-total		2 941.72	2 941.72	2 941.72	–	2 941.72	3 166.21	3 482.57
VAT on Services								
Total large household bill:		2 941.72	2 941.72	2 941.72	–	2 941.72	3 166.21	3 482.57
% increase/-decrease		–	–	–		–	7.6%	10.0%
<u>Monthly Account for Household - 'Affordable'</u>	2							
Rates and services charges:								
Property rates		69.47	69.47	69.47	6.4%	69.47	73.64	78.06
Electricity: Basic levy		258.14	258.14	258.14	1.9%	258.14	279.00	298.53
Electricity: Consumption		398.19	398.19	398.19	1.9%	398.19	430.00	460.10
Water: Basic levy								
Water: Consumption								
Sanitation								
Refuse removal		121.59	121.59	121.59	6.0%	121.59	128.00	135.68
Other								
sub-total		847.39	847.39	847.39	–	847.39	910.64	972.37
VAT on Services								
Total small household bill:		847.39	847.39	847.39	–	847.39	910.64	972.37
% increase/-decrease		–	–	–		–	7.5%	6.8%
<u>Monthly Account for Household - 'Indigent'</u>	3							
Rates and services charges:								
Property rates								
Electricity: Basic levy								
Electricity: Consumption								
Water: Basic levy								
Water: Consumption								
Sanitation								
Refuse removal								
Other								
sub-total		–	–	–	–	–	–	–
VAT on Services								
Total small household bill:		–	–	–	–	–	–	–
% increase/-decrease		–	–	–		–	–	–

1.8 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1						
Expenditure By Type							
Employee related costs	2	67 960	67 960	67 960	70 573	74 384	78 698
Remuneration of councillors		12 580	12 580	12 580	13 700	14 440	15 278
Debt impairment	3	3 629	3 629	3 629	3 862	4 070	4 290
Depreciation & asset impairment	2	21 000	21 000	21 000	23 000	24 819	26 153
Finance charges		1 810	810	810	2 150	2 266	2 388
Bulk purchases	2	9 596	14 096	14 096	14 596	35 385	39 562
Other materials	8	14 924	14 804	14 804	18 288	19 276	22 342
Contracted services		16 352	18 102	18 102	13 594	14 944	15 733
Transfers and subsidies		11 150	11 150	11 150	10 650	22 905	26 722
Other expenditure	4, 5	44 740	43 110	43 110	45 903	53 341	54 575
Loss on disposal of PPE					–	–	–
Total Expenditure		203 740	207 240	207 240	216 316	265 830	285 741

The budgeted allocation for employee related costs for the 2017/18 financial year totals R70.6 million, which equals 32.62 per cent of the total operating expenditure. An annual increase of 5.4 and 5.8 per cent has been included in the two outer years of the MTREF. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

Employee related costs increased from R67, 9 million to R70.6 million which reflects an increase of 3.84 percent. As part of the planning assumptions and interventions, increase has been taken into consideration with regards to the current status of the positions filled as per the organogram and we have also prioritized few critical vacancies of which some will be advertised internally as part of promotion to internal staff. An increase of 7% is proposed as per the Salary wage agreement from SALGA.

Increase in the number of position for other municipal staff increased from 230 in the 2016/17 Adjustment budget to 271 in the 2017/18 financial year, reflects 12 position which have been prioritized in 2017/18 financial year.

Employee related costs and remuneration of Councilor's have been budgeted at percentage of 38.96 percent of the total operating expenditure, which is within the norm range of 25 percent to 40 percent as per MFMA Circular No.71.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998) and is within the limits noted in Government Gazette No.39548. The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. This includes the provision for medical aid for Councilors

The provision of debt impairment was determined based on an annual collection rate of 73 per cent and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year the additional amount equates to R3.9 million to R4.0 million by 2018/19. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R23 million for the 2017/18 financial and equates to 10.6 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance Charges consists primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.99 per cent (2.2 million) of operating expenditure excluding annual redemption. The municipality has entered into finance lease for procuring municipal fleet with Wes bank for a period of three (3) years. Finance charges increases to 2.3 million in 2018/19 and increases to 2.4 million in 2019/20 financial year.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Bulk purchases have also taken into consideration 0.31 as proposed in NERSA guideline for 2017/18 financial year. Bulk purchases have increased from 14.1 million to 14.6 million in 2017/18, which is due to additional implementation of bulk supply for water within Mandeni.

Other materials comprise of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the Municipality's infrastructure. For 2017/18 the appropriation against this group of expenditure has been increased by 23.5 per cent (R18.2 million) and continues to grow by 5.4 for the two outer years of which budget allocation is in excess of R19.3 million by 2018/19. Budget allocated for other materials in 2017/18 financial year is sufficient to cover the repairs and maintenance, as the ongoing health of the assets are still in a good condition based on their assessment.

As part of the compilation of the 2017/18 MTREF this group of expenditure for Transfers and Subsidies was critically evaluated and operational efficiencies were enforced. In the 2017/18 financial year, this group of expenditure totals R10.6 million and has decreased by 3.6 per cent. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2018/19 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into this budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies have been achieved. Growth has been reversed in this area indicating that significant cost savings have been already realized.

The following table gives a breakdown of the main expenditure categories for the 2017/18 financial year.

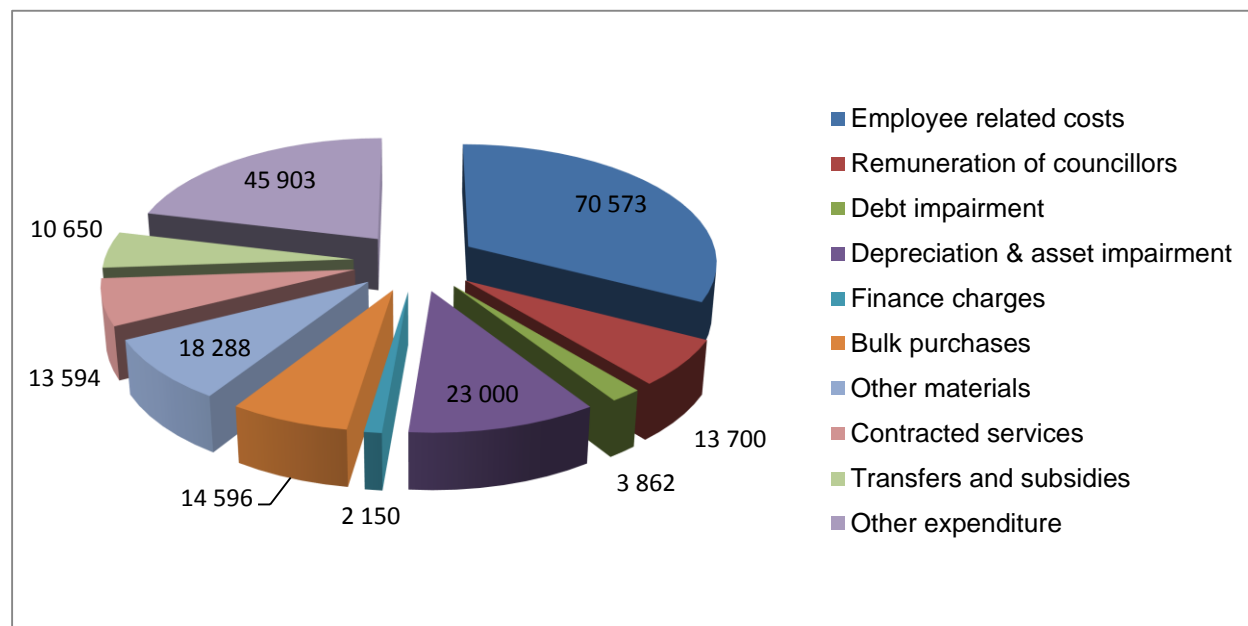


Figure 1 Main operational expenditure categories for the 2017/18 financial year

1.8.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs & maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 9 Operational repairs and maintenance

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'								
Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand								
Repairs and Maintenance	8							
Employee related costs		11 553	11 553	11 553	11 553	11 997	12 645	13 379
Other materials		14 924	14 804	14 804	14 804	18 288	19 276	22 342
Contracted Services								
Other Expenditure								
Total Repairs and Maintenance Expend	9	26 477	26 357	26 357	26 357	30 285	31 921	35 720

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and the weather pattern disasters especially to rural roads. To this end, repairs and maintenance for roads was substantially increased by 14.9 per cent in the 2017/18 financial year, from R26.4 million to R30.3 million. The total allocation for 2017/18 equates to R30.2 million an increase of 14.9 per cent in relation to the Adjustment Budget and continues. In relation to the total operating expenditure, repairs and maintenance comprises of 5.4 and 12.43 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1						
Repairs and maintenance expenditure by Asset Class/Sub-class							
<u>Infrastructure</u>		17 003	17 503	17 503	9 267	9 768	10 295
<u>Community Assets</u>		3 780	3 780	3 780	3 858	4 067	4 286
<u>Other assets</u>		2 202	1 102	1 102	1 772	1 868	1 969
Total Repairs and Maintenance Expend	1	26 477	26 357	26 357	18 288	19 276	22 342

For the 2017/18 financial year 8.5 per cent or R18.3 million of total repairs and maintenance will be spent on infrastructure assets. Infrastructure assets have been allocated R9.2 million of total repairs and maintenance equating to 50.7 per cent, Community assets have been allocated R3.9 million of total repairs and maintenance equating to 21.09 per cent and other assets have been allocated R1.7 million of total repairs and maintenance equating to 9.7 per cent.

1.9 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 150 or more indigent households during the 2017/18 financial year, a process is reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.10 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2017/18 Medium-term capital budget per vote

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding								
Vote Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1							
Single-year expenditure to be appropriated	2							
Vote 1 - Executive Council		–	–	–	–	10	–	–
Vote 2 - Budget & Treasury		–	–	–	–	–	–	–
Vote 3 - Corporate Services		2 160	1 560	1 560	1 560	400	–	–
Vote 4 - Planning and Development		8 665	4 265	4 265	4 265	19 608	7 178	–
Vote 5 - Health		–	–	–	–	200	200	–
Vote 6 - Community & Social		2 150	1 650	1 650	1 650	2 500	–	–
Vote 7 - Housing		–	–	–	–	–	–	–
Vote 8 - Public Safety		–	–	–	–	–	–	–
Vote 9 - Sports & Recreation		750	750	750	750	200	200	–
Vote 10 - Environment		200	200	200	200	–	–	–
Vote 11 - Waste Management		–	–	–	–	–	–	–
Vote 12 - Electricity		1 500	1 500	1 500	1 500	560	–	–
Vote 13 - Roads & Stormwater		35 757	27 757	27 757	27 757	36 240	34 556	36 293
Vote 14 -		–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–
Capital single-year expenditure sub-total		51 182	37 682	37 682	37 682	59 718	42 134	36 293
Total Capital Expenditure - Vote		51 182	37 682	37 682	37 682	59 718	42 134	36 293

For 2017/18 an amount of R36.2 Million has been appropriated for the development of infrastructure which represents 60.7 per cent of the total capital budget. In the outer years this amount totals R34.6 million and increases to R36.3 million respectively for each of the financial years. Transport and roads receives the highest allocation of R36.2 million in 2017/18 which equates to 60.7 per cent followed by planning and development at 32.8 per cent, R19.6 million.

Total new assets represent 73.4 per cent or R37.5 million of the total capital budget while asset renewal equates to 26.6 per cent or R13.4 million. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

1.11 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

KZN291 Mandeni - Table A1 Budget Summary						
Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands						
Financial Performance						
Property rates	–	–	–	30 789	32 451	34 203
Service charges	–	–	–	25 665	46 051	48 538
Investment revenue	–	–	–	3 000	3 162	3 333
Transfers recognised - operational	–	–	–	151 016	165 503	176 950
Other own revenue	–	–	–	5 846	7 731	9 202
Total Revenue (excluding capital transfers and	–	–	–	216 316	254 898	272 226
Employee costs	–	–	–	70 573	74 384	78 698
Remuneration of councillors	–	–	–	13 700	14 440	15 278
Depreciation & asset impairment	–	–	–	23 000	24 819	26 153
Finance charges	–	–	–	2 150	2 266	2 388
Materials and bulk purchases	–	–	–	32 884	54 660	61 903
Transfers and grants	–	–	–	10 650	22 905	26 722
Other expenditure	–	–	–	63 359	72 355	74 598
Total Expenditure	–	–	–	216 316	265 830	285 741
Surplus/(Deficit)	–	–	–	(0)	(10 932)	(13 515)
Transfers and subsidies - capital (monetary allocations) (N	–	–	–	47 118	34 556	35 993
Contributions recognised - capital & contributed assets	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	–	–	47 118	23 624	22 478
Share of surplus/ (deficit) of associate	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	–	–	47 118	23 624	22 478
Capital expenditure & funds sources						
Capital expenditure	–	–	–	59 518	45 640	36 405
Transfers recognised - capital	–	–	–	47 118	34 556	35 993
Public contributions & donations	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–
Internally generated funds	–	–	–	12 400	11 084	412
Total sources of capital funds	–	–	–	59 518	45 640	36 405
Financial position						
Total current assets	–	–	–	69 062	5 912	11 361
Total non current assets	–	–	–	460 927	–	–
Total current liabilities	–	–	–	16 618	–	–
Total non current liabilities	–	–	–	22 000	–	–
Community wealth/Equity	–	–	–	486 261	–	–
Cash flows						
Net cash from (used) operating	–	–	–	54 743	25 598	23 551
Net cash from (used) investing	–	–	–	(59 518)	(11 084)	(412)
Net cash from (used) financing	–	–	–	(2 885)	–	–
Cash/cash equivalents at the year end	–	–	–	7 084	21 597	44 736
Cash backing/surplus reconciliation						
Cash and investments available	–	–	–	14 744	5 912	11 361
Application of cash and investments	–	–	–	(28 249)	–	–
Balance - surplus (shortfall)	–	–	–	42 993	5 912	11 361
Asset management						
Asset register summary (WDV)	–	–	406 944	406 944	–	–
Depreciation	–	–	23 000	23 000	–	–
Renewal of Existing Assets	–	–	–	19 678	–	–
Repairs and Maintenance	–	–	18 288	18 288	19 276	22 342
Free services						
Cost of Free Basic Services provided	–	–	–	–	–	–
Revenue cost of free services provided	15	15	1 642	1 642	1 729	1 822
Households below minimum service level						
Water:	–	–	–	–	–	–
Sanitation/sewerage:	0	0	0	0	0	–
Energy:	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard.

The operating surplus/deficit (after Total Expenditure) is positive over the MTREF Capital expenditure is balanced by capital funding sources, of which Transfers recognised are reflected on the Financial Performance Budget.

Borrowing is incorporated in the net cash from financing on the Cash Flow Budget Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2017/18, when a small surplus as reflected.

Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN291 Mandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional clas							
Functional Classification Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1						
Revenue - Functional							
<i>Governance and administration</i>		159 318	159 318	159 318	167 466	178 882	188 485
Executive and council		6 678	6 678	6 678	6 902	7 245	7 590
Finance and administration		152 640	152 640	152 640	160 564	171 637	180 895
Internal audit		—	—	—	—	—	—
<i>Community and public safety</i>		5 347	4 347	4 347	4 265	4 483	4 695
Community and social services		1 887	1 887	1 887	2 729	2 864	2 988
Sport and recreation		12	12	12	6	6	7
Public safety		3 448	2 448	2 448	1 530	1 613	1 700
Housing		—	—	—	—	—	—
Health		—	—	—	—	—	—
<i>Economic and environmental services</i>		390	390	390	390	411	433
Planning and development		390	390	390	390	411	433
Road transport		—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—
<i>Trading services</i>		38 686	43 636	43 636	44 195	71 122	78 612
Energy sources		25 766	30 716	30 716	30 800	56 273	62 286
Water management		—	—	—	—	—	—
Waste water management		—	—	—	—	—	—
Waste management		12 920	12 920	12 920	13 395	14 849	16 327
<i>Other</i>	4	—	—	—	—	—	—
Total Revenue - Functional	2	203 740	207 690	207 690	216 316	254 898	272 226
Expenditure - Functional							
<i>Governance and administration</i>		100 713	100 713	100 713	103 779	114 548	121 304
Executive and council		34 731	34 731	34 731	37 658	42 329	43 929
Finance and administration		65 982	65 982	65 982	66 120	72 220	77 375
Internal audit		—	—	—	—	—	—
<i>Community and public safety</i>		26 160	26 160	26 160	30 707	32 365	34 173
Community and social services		9 506	9 506	9 506	10 042	10 585	11 188
Sport and recreation		1 430	1 430	1 430	1 511	1 593	1 680
Public safety		15 223	15 223	15 223	19 153	20 188	21 305
Housing		—	—	—	—	—	—
Health		—	—	—	—	—	—
<i>Economic and environmental services</i>		43 839	43 839	43 839	46 567	49 470	52 202
Planning and development		26 750	26 750	26 750	25 687	27 530	29 045
Road transport		10 616	10 616	10 616	14 457	15 170	16 011
Environmental protection		6 473	6 473	6 473	6 423	6 770	7 146
<i>Trading services</i>		33 028	33 028	33 028	35 264	69 447	78 062
Energy sources		24 848	24 848	24 848	30 892	64 240	72 565
Water management		—	—	—	—	—	—
Waste water management		—	—	—	—	—	—
Waste management		8 180	8 180	8 180	4 372	5 207	5 497
<i>Other</i>	4	—	—	—	—	—	—
Total Expenditure - Functional	3	203 740	203 740	203 740	216 316	265 830	285 741
Surplus/(Deficit) for the year		0	3 950	3 950	(0)	(10 932)	(13 515)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget & Treasury Office.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN291 Mandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal							
Vote Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand							
Revenue by Vote	1						
Vote 1 - Executive Council		6 678	6 678	6 678	6 902	7 245	7 590
Vote 2 - Budget & Treasury		152 640	152 640	152 640	160 564	171 637	180 895
Vote 3 - Corporate Services		—	—	—	—	—	—
Vote 4 - Planning and Development		390	390	390	390	411	433
Vote 5 - Health		—	—	—	—	—	—
Vote 6 - Community & Social		1 887	1 887	1 887	2 729	2 864	2 988
Vote 7 - Housing		—	—	—	—	—	—
Vote 8 - Public Safety		3 448	2 448	2 448	1 530	1 613	1 700
Vote 9 - Sports & Recreation		12	12	12	6	6	7
Vote 10 - Environment		—	—	—	—	—	—
Vote 11 - Waste Management		12 920	12 920	12 920	13 395	14 849	16 327
Vote 12 - Electricity		25 766	30 716	30 716	30 800	56 273	62 286
Vote 13 - Roads & Stormwater		—	—	—	—	—	—
Vote 14 -		—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—
Total Revenue by Vote	2	203 740	207 690	207 690	216 316	254 898	272 226
Expenditure by Vote to be approved	1						
Vote 1 - Executive Council		34 731	34 731	34 731	37 658	42 329	43 929
Vote 2 - Budget & Treasury		47 728	47 728	47 728	47 772	52 880	54 924
Vote 3 - Corporate Services		18 254	18 254	18 254	18 349	19 339	22 451
Vote 4 - Planning and Development		37 366	37 366	37 366	25 687	27 530	29 045
Vote 5 - Health		—	—	—	—	—	—
Vote 6 - Community & Social		9 506	9 506	9 506	10 042	10 585	11 188
Vote 7 - Housing		—	—	—	—	—	—
Vote 8 - Public Safety		15 223	15 223	15 223	19 153	20 188	21 305
Vote 9 - Sports & Recreation		—	—	—	1 511	1 593	1 680
Vote 10 - Environment		1 430	1 430	1 430	6 423	6 770	7 146
Vote 11 - Waste Management		8 180	8 180	8 180	4 372	5 207	5 497
Vote 12 - Electricity		24 848	24 848	24 848	30 892	64 240	72 565
Vote 13 - Roads & Stormwater		6 473	6 473	6 473	14 457	15 170	16 011
Vote 14 -		—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—
Total Expenditure by Vote	2	203 740	203 740	203 740	216 316	265 830	285 741
Surplus/(Deficit) for the year	2	0	3 950	3 950	(0)	(10 932)	(13 515)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the municipality.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)								
Description	Re	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1							
Revenue By Source								
Property rates	2	28 937	28 937	28 937	28 937	30 789	32 451	34 203
Service charges - electricity revenue	2	12 236	17 186	17 186	17 186	17 270	37 202	39 211
Service charges - water revenue	2	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—
Service charges - refuse revenue	2	7 920	7 920	7 920	7 920	8 395	8 849	9 327
Service charges - other								
Rental of facilities and equipment		305	305	305	305	305	321	339
Interest earned - external investments		3 570	3 570	3 570	3 570	3 000	3 162	3 333
Interest earned - outstanding debtors		7 500	7 500	7 500	7 500	3 500	5 219	6 554
Dividends received		—	—	—	—	—	—	—
Fines, penalties and forfeits		2 105	1 105	1 105	1 105	505	532	561
Licences and permits		1 255	1 255	1 255	1 255	1 000	1 054	1 111
Agency services		—	—	—	—	—	—	—
Transfers and subsidies		139 308	139 308	139 308	139 308	151 016	165 503	176 950
Other revenue	2	605	605	605	605	536	604	637
Gains on disposal of PPE		—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		203 740	207 690	207 690	207 690	216 316	254 898	272 226
Expenditure By Type								
Employee related costs	2	67 960	67 960	67 960	67 960	70 573	74 384	78 698
Remuneration of councillors		12 580	12 580	12 580	12 580	13 700	14 440	15 278
Debt impairment	3	3 629	3 629	3 629	3 629	3 862	4 070	4 290
Depreciation & asset impairment	2	21 000	21 000	21 000	21 000	23 000	24 819	26 153
Finance charges		1 810	810	810	810	2 150	2 266	2 388
Bulk purchases	2	9 596	14 096	14 096	14 096	14 596	35 385	39 562
Other materials	8	14 924	14 804	14 804	14 804	18 288	19 276	22 342
Contracted services		16 352	18 102	18 102	18 102	13 594	14 944	15 733
Transfers and subsidies		11 150	11 150	11 150	11 150	10 650	22 905	26 722
Other expenditure	4, 5	44 740	43 110	43 110	43 110	45 903	53 341	54 575
Loss on disposal of PPE		—	—	—	—	—	—	—
Total Expenditure		203 740	207 240	207 240	207 240	216 316	265 830	285 741
Surplus/(Deficit)		0	450	450	450	(0)	(10 932)	(13 515)
(monetary allocations) (National / Provincial and District)		33 757	25 757	25 757	25 757	47 118	34 556	35 993
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Transfers and subsidies - capital (in-kind - all)	6	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		33 757	26 207	26 207	26 207	47 118	23 624	22 478
Taxation								
Surplus/(Deficit) after taxation		33 757	26 207	26 207	26 207	47 118	23 624	22 478
Attributable to minorities								
Surplus/(Deficit) attributable to municipality		33 757	26 207	26 207	26 207	47 118	23 624	22 478
Share of surplus/ (deficit) of associate	7							
Surplus/(Deficit) for the year		33 757	26 207	26 207	26 207	47 118	23 624	22 478

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

Total revenue is R216.3 million in 2017/18 and escalates to R254.9 million by 2018/19. This represents a year-on-year increase of 17.86 per cent for the 2017/18 financial year and 6.79 per cent for the 2019/20 financial year.

Revenue to be generated from property rates is R30.8 million in the 2017/18 financial year and increases to R32.5 million by 2018/19 which represents 14.26 per cent of the operating revenue base of the Municipality. This represents a change due to implementation of the updated valuation roll (supplementary valuation roll) and proposed percentage increase. Although the Council decided to increase rates tariff, the market value of properties had an effect of an increase on rates.

Services charges relating to electricity and refuse removal constitutes the component of the revenue basket of the Municipality totaling R24.9 million for the 2017/18 financial year and increasing to R45.3 million by 2018/19. For the 2017/18 financial year services charges amount to 11.56 per cent of the total revenue base and grows by 5.4 per cent per annum over the medium-term. This growth has mainly been attributed by the increase in the bulk prices of electricity and the agreement between the Municipality and Umngeni water for the Thukela water works project.

Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that the grants receipts from national government have been increased over the MTREF by 8.40 per cent and then increases by 9.59 percent to 6.91 per cent for the two outer years.

Bulk purchases have significantly decreased over the 2016/17 adjustment budget to 2017/18 period escalating from R14.1 million to R14.2 million. This increase is attributed to the substantial actuals in the cost of bulk electricity from Eskom and the implementation of bulk supply by umngeni water.

Employee related costs and other expenditure are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and other expenditure increases in future years.

Fines have been decreased from R1.1 million to R505 thousands; decrease of 54.33 percent proposal is based on the previous year actual performance of billing for fines.

Licenses & Permits have remained the same at R1.3 million for 2017/18 financial year based on the previous year actual collection and on their performance.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding								
Vote Description R thousand	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Single-year expenditure to be appropriated	2							
Vote 1 - Executive Council		—	—	—	—	10	—	—
Vote 2 - Budget & Treasury		—	—	—	—	—	—	—
Vote 3 - Corporate Services		2 160	1 560	1 560	1 560	400	—	—
Vote 4 - Planning and Development		8 665	4 265	4 265	4 265	19 608	7 178	—
Vote 5 - Health		—	—	—	—	200	200	—
Vote 6 - Community & Social		2 150	1 650	1 650	1 650	2 500	—	—
Vote 7 - Housing		—	—	—	—	—	—	—
Vote 8 - Public Safety		—	—	—	—	—	—	—
Vote 9 - Sports & Recreation		750	750	750	750	200	200	—
Vote 10 - Environment		200	200	200	200	—	—	—
Vote 11 - Waste Management		—	—	—	—	—	—	—
Vote 12 - Electricity		1 500	1 500	1 500	1 500	560	—	—
Vote 13 - Roads & Stormwater		35 757	27 757	27 757	27 757	36 240	34 556	36 293
Vote 14 -		—	—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—	—
Capital single-year expenditure sub-total		51 182	37 682	37 682	37 682	59 718	42 134	36 293
Total Capital Expenditure - Vote		51 182	37 682	37 682	37 682	59 718	42 134	36 293
Capital Expenditure - Functional								
Governance and administration		2 160	1 560	1 560	1 560	410	—	—
Executive and council		—	—	—	—	10	—	—
Finance and administration		2 160	1 560	1 560	1 560	—	—	—
Internal audit		—	—	—	—	400	—	—
Community and public safety		2 900	2 400	2 400	2 400	2 700	3 906	112
Community and social services		2 150	1 650	1 650	1 650	—	3 706	112
Sport and recreation		750	750	750	750	200	200	—
Public safety		—	—	—	—	2 500	—	—
Housing		—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—
Economic and environmental services		44 622	32 222	32 222	32 222	55 848	41 734	36 293
Planning and development		8 665	4 265	4 265	4 265	19 608	7 178	—
Road transport		35 757	27 757	27 757	27 757	36 240	34 556	36 293
Environmental protection		200	200	200	200	—	—	—
Trading services		1 500	1 500	1 500	1 500	560	—	—
Energy sources		1 500	1 500	1 500	1 500	—	—	—
Water management		—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—
Waste management		—	—	—	—	560	—	—
Other								
Total Capital Expenditure - Functional	3	51 182	37 682	37 682	37 682	59 518	45 640	36 405
Funded by:								
National Government		33 757	25 757	25 757	25 757	47 118	34 556	35 993
Provincial Government		—	—	—	—	—	—	—
District Municipality		—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	—	—	—
Transfers recognised - capital	4	33 757	25 757	25 757	25 757	47 118	34 556	35 993
Public contributions & donations	5							
Borrowing	6							
Internally generated funds		17 425	11 925	11 925	11 925	12 400	11 084	412
Total Capital Funding	7	51 182	37 682	37 682	37 682	59 518	45 640	36 405

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding source necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table 17 MBRR Table A6 - Budgeted Financial Position

KZN291 Mandeni - Table A6 Budgeted Financial Position								
Description	Re	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand								
ASSETS								
Current assets								
Cash								
Call investment deposits	1	—	—	—	—	14 744	5 912	11 361
Consumer debtors	1	—	—	—	—	50 818	—	—
Other debtors						3 000		
Current portion of long-term receivables								
Inventory	2					500		
Total current assets		—	—	—	—	69 062	5 912	11 361
Non current assets								
Long-term receivables								
Investments						46 606		
Investment property								
Investment in Associate								
Property, plant and equipment	3	—	—	—	—	413 983	—	—
Agricultural								
Biological								
Intangible						338		
Other non-current assets								
Total non current assets		—	—	—	—	460 927	—	—
TOTAL ASSETS		—	—	—	—	529 989	5 912	11 361
LIABILITIES								
Current liabilities								
Bank overdraft	1							
Borrowing	4	—	—	—	—	1 300	—	—
Consumer deposits								
Trade and other payables	4	—	—	—	—	7 000	—	—
Provisions						8 318		
Total current liabilities		—	—	—	—	16 618	—	—
Non current liabilities								
Borrowing		—	—	—	—	2 000	—	—
Provisions		—	—	—	—	20 000	—	—
Total non current liabilities		—	—	—	—	22 000	—	—
TOTAL LIABILITIES		—	—	—	—	38 618	—	—
NET ASSETS	5	—	—	—	—	491 372	5 912	11 361
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)						484 461		
Reserves	4	—	—	—	—	1 800	—	—
TOTAL COMMUNITY WEALTH	5	—	—	—	—	486 261	—	—

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows								
Description	Re	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates		19 180	19 180	19 180	19 180	22 383	23 592	24 866
Service charges		13 360	18 310	18 310	18 310	18 659	33 479	35 287
Other revenue		2 186	7 587	7 587	7 587	1 846	1 985	2 092
Government - operating	1	139 308	139 308	139 308	139 308	151 016	165 503	176 950
Government - capital	1	33 757	25 757	25 757	25 757	47 118	34 556	35 993
Interest		3 945	3 945	3 945	3 945	3 175	3 423	3 660
Dividends		—	—	—	—	—	—	—
Payments								
Suppliers and employees		(166 151)	(170 651)	(170 651)	(170 651)	(176 654)	(211 769)	(226 187)
Finance charges		(1 810)	(810)	(810)	(810)	(2 150)	(2 266)	(2 388)
Transfers and Grants	1	(11 150)	(11 150)	(11 150)	(11 150)	(10 650)	(22 905)	(26 722)
NET CASH FROM/(USED) OPERATING ACTIVITIES		32 625	31 476	31 476	31 476	54 743	25 598	23 551
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE						—	—	—
Decrease (Increase) in non-current debtors						—	—	—
Decrease (increase) other non-current receivables						—	—	—
Decrease (increase) in non-current investments						—	—	—
Payments								
Capital assets		(51 182)	(37 682)	(37 682)	(37 682)	(59 518)	(11 084)	(412)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(51 182)	(37 682)	(37 682)	(37 682)	(59 518)	(11 084)	(412)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans						—	—	—
Borrowing long term/refinancing						—	—	—
Increase (decrease) in consumer deposits			(1 585)	(1 585)	(1 585)	(1 585)	—	—
Payments								
Repayment of borrowing		(1 210)	(1 210)	(1 210)	(1 210)	(1 300)	—	—
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 210)	(2 795)	(2 795)	(2 795)	(2 885)	—	—
NET INCREASE/ (DECREASE) IN CASH HELD		(19 767)	(9 001)	(9 001)	(9 001)	(7 660)	14 513	23 139
Cash/cash equivalents at the year begin:	2					14 744	7 084	21 597
Cash/cash equivalents at the year end:	2	(19 767)	(9 001)	(9 001)	(9 001)	7 084	21 597	44 736

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation								
Description	Ref	Current Year 2016/17				2017/18 Medium Term		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand								
<u>Cash and investments available</u>								
Cash/cash equivalents at the year end	1	–	–	–	–	7 084	21 597	44 736
Other current investments > 90 days		–	–	–	–	7 660	(15 685)	(33 375)
Non current assets - Investments	1	–	–	–	–	–	–	–
Cash and investments available:		–	–	–	–	14 744	5 912	11 361
<u>Application of cash and investments</u>								
Unspent conditional transfers		–	–	–	–	2 000	–	–
Unspent borrowing		–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–
Other working capital requirements	3	–	–	–	–	–	–	–
Other provisions		–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	1 800	–	–
Total Application of cash and investments:		–	–	–	–	3 800	–	–
Surplus(shortfall)		–	–	–	–	10 944	5 912	11 361

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. Increases (decrease) in consumer deposits of R1; 5 million in 2016/17 financial are the deposits that were paid by debtors for electricity connection. The municipality has converted the electricity to prepaid metering system; therefore deposits will be refunded to the debtors.
4. Rental of facilities and equipment the municipality anticipates a 100 per cent collection rate as rentals are collected prior the event and lease of municipal properties to employee are deducted on their salaries.
5. Interest on outstanding debtors a collection rate of 5 per cent has been applied, taking into consideration the implementation of prepaid system for electricity as the consumers are expected to clear the accounts before they convert to pre-paid.
6. Fines a collection rate of 1 per cent has been applied, as we have taken into consideration the current performance of actual cash collections for fines.
7. Licenses and permits a 100 percent collection rate has been applied due to their actual performance and performance of the traffic department.

Notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 20 MBRR Table A9 - Asset Management

KZN291 Mandeni - Table A9 Asset Management				
Description	Re	2017/18 Medium Term Revenue & Expenditure		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
CAPITAL EXPENDITURE				
ASSET REGISTER SUMMARY - PPE (WDV)	5			
Roads Infrastructure		265 740		
Storm water Infrastructure		8 260		
Electrical Infrastructure				
Water Supply Infrastructure				
Sanitation Infrastructure				
Solid Waste Infrastructure				
Rail Infrastructure				
Coastal Infrastructure				
Information and Communication Infrastructure				
Infrastructure		274 000	—	—
Community Facilities		63 000		
Sport and Recreation Facilities				
Community Assets		63 000	—	—
Heritage Assets				
Revenue Generating				
Non-revenue Generating				
Investment properties		—	—	—
Operational Buildings		46 606		
Housing		23 000		
Other Assets		69 606	—	—
Biological or Cultivated Assets				
Servitudes				
Licences and Rights				
Intangible Assets		—	—	—
Computer Equipment		338		
Furniture and Office Equipment				
Machinery and Equipment				
Transport Assets				
Libraries				
Zoo's, Marine and Non-biological Animals				
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	406 944	—	—
EXPENDITURE OTHER ITEMS				
Depreciation	7	23 000	—	—
Repairs and Maintenance by Asset Class	3	18 288	19 276	22 342
Roads Infrastructure		2 961	3 121	3 289
Storm water Infrastructure		4 135	4 358	4 594
Electrical Infrastructure		2 171	2 289	2 412
Water Supply Infrastructure		—	—	—
Sanitation Infrastructure		—	—	—
Solid Waste Infrastructure		—	—	—
Rail Infrastructure		—	—	—
Coastal Infrastructure		—	—	—
Information and Communication Infrastructure		—	—	—
Infrastructure		9 267	9 768	10 295
Community Facilities		3 500	3 689	3 888
Sport and Recreation Facilities		358	378	398
Community Assets		3 858	4 067	4 286
Heritage Assets		—	—	—
Revenue Generating		—	—	—
Non-revenue Generating		—	—	—
Investment properties		—	—	—
Operational Buildings		1 772	1 868	1 969
Housing		—	—	—
Other Assets		1 772	1 868	1 969
Biological or Cultivated Assets		—	—	—
Servitudes		—	—	—
Licences and Rights		—	—	—
Intangible Assets		—	—	—
Computer Equipment		—	—	—
Furniture and Office Equipment		909	958	3 035
Machinery and Equipment		2 481	2 615	2 756
Transport Assets		—	—	—
Libraries		—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—
TOTAL EXPENDITURE OTHER ITEMS		41 288	19 276	22 342
Renewal and upgrading of Existing Assets as % of total PPE		33.1%	0.0%	0.0%
Renewal and upgrading of Existing Assets as % of depreciable PPE		85.6%	0.0%	0.0%
R&M as a % of PPE		4.4%	0.0%	0.0%
Renewal and upgrading and R&M as a % of PPE		9.0%	0.0%	0.0%

Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The budget for renewal and existing assets is above 40 per cent as per National Treasury guideline due to Neighborhood Development Grant (NDPG) that have been reallocated in 2017/18 Division of revenue Bill.

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

KZN291 Mandeni - Table A10 Basic service delivery measurement										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		9 851	9 851	9 851	9 851	9 851	9 851	10 501	11 152	11 810
Piped water inside yard (but not in dwelling)		10 902	10 902	10 902	10 902	10 902	10 902	11 622	12 385	13 116
Using public tap (at least min.service level)	2	—	—	—	—	—	—	—	—	—
Other water supply (at least min.service level)	4	17 482	17 482	17 482	17 482	17 482	17 482	18 636	19 791	20 821
Minimum Service Level and Above sub-total		38 235	38 235	38 235	38 235	38 235	38 235	40 759	43 329	45 746
Using public tap (< min.service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	—	—	—	—	—	—
Total number of households	5	38 235	38 235	38 235	38 235	38 235	38 235	40 759	43 329	45 746
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		11 313	11 313	11 313	11 313	11 313	11 313	12 060	12 807	13 563
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—	—
Chemical toilet		8 587	8 587	8 587	8 587	8 587	8 587	9 154	9 721	10 295
Pit toilet (ventilated)		15 173	15 173	15 173	15 173	15 173	15 173	16 174	17 177	18 191
Other toilet provisions (> min.service level)		2 690	2 690	2 690	2 690	2 690	2 690	2 868	3 045	3 255
Minimum Service Level and Above sub-total		37 763	37 763	37 763	37 763	37 763	37 763	40 255	42 751	45 304
Bucket toilet		472	472	472	472	472	472	472	300	—
Other toilet provisions (< min.service level)		—	—	—	—	—	—	—	—	—
No toilet provisions		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		472	472	472	472	472	472	472	300	—
Total number of households	5	38 235	38 235	38 235	38 235	38 235	38 235	40 727	43 051	45 304
Energy:										
Electricity (at least min.service level)		1 009	1 009	—	1 053	1 053	1 053	1 040	1 040	1 040
Electricity - prepaid (min.service level)		—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total		1 009	1 009	—	1 053	1 053	1 053	1 040	1 040	1 040
Electricity (< min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	—	—	—	—	—	—
Total number of households	5	1 009	1 009	—	1 053	1 053	1 053	1 040	1 040	1 040
Refuse:										
Removed at least once a week		—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total		—	—	—	—	—	—	—	—	—
Removed less frequently than once a week		—	—	—	—	—	—	—	—	—
Using communal refuse dump		—	—	—	—	—	—	—	—	—
Using own refuse dump		—	—	—	—	—	—	—	—	—
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	—	—	—	—	—	—
Total number of households	5	—	—	—	—	—	—	—	—	—
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free minimum level service)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed at least once a week)		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed once a week for indigent households)		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		—	—	—	—	—	—	—	—	—
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		15	15	15	15	15	15	15	15	15
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		—	—	—	—	—	—	—	—	—
Water (in excess of 6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (in excess of free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent households)		—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other	6	—	—	—	—	—	—	—	—	—
Total revenue cost of subsidised services provided		15	15	15	15	15	15	15	15	15

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

The Municipality continues to make good progress with the eradication of backlogs in the area as it is estimated approximately 8 000 households:

Electricity services – backlog will be reduced by 1236 households. As indicated in the IDP, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 1500 households budgeted to be electrified in 2017/18.

Refuse services – backlog will be reduced by 1107 households in 2017/18, and a further 87 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.

The budget provides for 150 households to be registered as indigent in 2017/18, and therefore entitled to receiving Free Basic Services. The number is set to increase to 1200 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.

It is anticipated that these Free Basic Services will cost the municipality R 650, 000 in 2017/18, increasing to R685, 100 in 2018/19. This is covered by the municipality's equitable share allocation from national government.

In addition to the Free Basic Services, the Municipality also 'gives' households R10 million in free basic service electricity through an electrification programme in 2017/18, and it increases to R15 million in 2018/19. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 5 per cent of total operating revenue.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Committee for Finance.

The primary aims of the Budget Steering Committee are to ensure: that the process followed to compile the budget complies with legislation and good budget practices; that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality; that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Steering Committee meetings were convened during the process of compiling the 2017/18 budget and MTREF.

2.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 28 August 2016. Key dates applicable to the process were:

August 2016 – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritization criteria for the compilation of the 2017/18 MTREF; IDP/BUDGET/PMS Technical Committee Meeting to discuss Process Plan

September 2016 – Review of National Policies and budget plans and potential price increase of bulk resources with function and department officials

December 2016 - Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

3 to 7 January 2017 - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;

January 2017 – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;

25 January 2017 - Council considers the 2016/17 Mid-year Review;

February 2017 - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The 2016/17 MTREF is revised accordingly;

28 February 2017 – Council considers the 2016/17 Adjustment Budget

February 2017 - Finalize and submit to the Mayor proposed budget and plans for next three year budget taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for previous years audited AFS and AR

30 March 2017 - Tabling in Council of the 2017/18 IDP and Budget MTREF for public consultation;

April 2017 – Public consultation;

29th April 2017 - Closing date for written comments;

01 April to 07 May 2017 – finalization of the 2017/18 IDP and 2017/18 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and

31 May 2017 - Tabling of the 2017/18 & MTREF before Council for consideration and approval.

2.3 IDP and Service Delivery and Budget Implementation Plan

This is the fourth generation of the municipal IDP, as this is the new Draft IDP which has been adopted by Council in March 2017. It started in September 2016 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2017/18 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the third generation included the following key IDP processes and deliverables:

Registration of community needs;

Compilation of departmental business plans including key performance indicators and targets;

Financial planning and budgeting process;

Public participation process;

Compilation of the SDBIP, and

The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2016/17 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/17 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.3.1 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

Municipality growth

Policy priorities and strategic objectives

Asset maintenance

Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)

Performance trends

The approved 2016/17 adjustments budget and performance against the SDBIP

Cash Flow Management Strategy

Debtor payment levels

Loan and investment possibilities

The need for tariff increases versus the ability of the community to pay for services;

Improved and sustainable service delivery

Dashboard imperatives

Disaster management mandate

Traffic Department

Vacant positions

Indigent customers

Job evaluation result

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 58, 59, 66 and 67,70,71,72, 74,75,78,79,82,85 and 86 has been taken into consideration in the planning and prioritisation process.

2.3.2 Community Consultation

The Budget 2017/18 MTREF is tabled before Council on 30th March 2017 for community consultation and it will be published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback will be communicated on the Municipality's website, and the Municipality's call centre will be engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilised to facilitate the community consultation process from 01 April to 30 April 2017, and include 8 public briefing sessions. The applicable dates and venues will be published in all the local newspapers. This will then be compared to the previous year's process. This then attributed to the additional initiatives that will be launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions will be scheduled with organised business and imbizo's will be held to further ensure

transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

2.4 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;

National Spatial Development Perspective (NSDP) and The National Development Plan (NDP).

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's strategic objectives for the 2017/18 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC	STRATEGIES	RESPONSIBLE DEPARTMENT	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION							
GGPP 01	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	TO FOSTER A CULTURE OF COMMUNITY INVOLVEMENT AND GOOD GOVERNANCE IN THE AFFAIRS OF THE MUNICIPALITY	2.3 Ensure a participative, transparent and accountable governance		2.3.1 Improve the public participation processes	Community services	
GGPP 02						OMM	
GGPP 03						2.3.2 Ensure the existence and functionality of the public participation structures	OMM
GGPP 04						2.3.3 Ensure functional municipal structures	Corporate services
GGPP 05							Office of the MM
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT							
BSD 01	BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Providing equal access to high quality sustainable basic infrastructure and services	1.1. To improve access to basic services		1.1.1. Facilitate the reduction of water and sanitation infrastructure and service backlogs.	TSD	
BSD 03					1.1.2 Facilitate access to electricity for all targeted	TSD	
BSD 04					1.1.3 Reduce the road and storm-water infrastructure	TSD	
BSD 05					1.1.4 Facilitate the reduction of the housing backlog	TSD	
BSD 18					1.1.5 Provide efficient waste collection and	TSD	
BSD 19					1.1.6 Maintain a functional Infrastructure Development	TSD	
BSD 22					1.1.7 To prepare a 3 year capital infrastructure funding plan	TSD	

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IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC STRATEGIES	RESPONSIBLE DEPARTMENT
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FINANCIAL VIABILITY AND MANAGEMENT

FVM 01	FINANCIAL VIABILITY AND MANAGEMENT	TO DEVELOP A SUSTAINABLE AND EFFICIENT MUNICIPALITY BASED ON SOUND FINANCIAL MANAGEMENT	2.2 Ensure a financially viable municipality.	2.2.1 Improve the audit opinion	OMM
FVM 03				2.2.2 Ensure the IDP aligned financial planning	BTO
FVM 04				2.2.3 Effectively and efficiently manage the expenditure of the municipality	BTO
FVM 09				2.2.4 Manage and increase the municipal revenue base	BTO
FVM 13				2.2.5 Ensure that the municipality acquires	BTO
FVM 14				2.2.6 Ensure a constant and accurate financial reporting.	BTO
FVM 16					BTO

COMMUNITY AND SOCIAL SERVICES DEVELOPMENT

CSD 01	COMMUNITY AND SOCIAL SERVICES DEVELOPMENT	Providing and facilitating access to social services and facilities.	5.1 Ensure that our people have access to community facilities and services	5.1.1 Provide the library services 5.1.2 Facilitate the provision of new community facilities	CSPS
CSD 02			5.2 Aspire to a healthy, safe and crime free area	5.2.1 Facilitate the provision of the community health facilities	CSPS
CSD 03				5.2.2 Ensure the municipal contribution to HIV/AIDS	CSPS
CSD 04				5.2.3 Improve on road safety	CSPS
CSD 05				5.2.4 Ensure the municipal contribution to community	CSPS
CSD 06				5.3.2 Design and implement sports, arts and	CSPS

LOCAL ECONOMIC DEVELOPMENT					
LED 01	LOCAL ECONOMIC DEVELOPMENT	3. Promoting and facilitating human development	3.1 Achieve a holistic human development and capacitation for the realisation of skilled and employable workforce	3.1.1 Improve the community skills base	EDPH
LED 03		4. Facilitate the creation of job opportunities		3.1.2 Ensure the empowerment of youth, women and people living with disabilities	EDPH
LED 04			4.1 Facilitating the creation of employment opportunities for skilled and employable people	4.1.1 Implement the EPWP programme	EDPH
LED 06				4.1.2 Strategically plan for the local economic development	EDPH
				4.1.3 facilitate the implementation of the CWP	
LED 07				4.1.4 Coordinate the fight against poverty	EDPH
				4.1.5 Unlock the agricultural potential	
				4.1.6 Promote the manufacturing sector activities	
				4.1.7 Facilitate SMME development	
				4.1.8 Promote Mandeni to be a tourist destination.	

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC	STRATEGIES	RESPONSIBLE DEPARTMENT
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION						
IDT 01	MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	2. Provision of effective, efficient, transparent and accountable leadership	2.1 Creating a conducive working environment	2.1.1 Maintain and improve the municipal policies	CSD	
IDT 02				2.1.2 Ensure effective and efficient human resource management	CSD	
IDT 03				2.1.3 Ensure effective and efficient human resource development	CSD	
IDT 04				2.1.4 Improve performance	CSD	
IDT 05				2.1.5 Improve information technology and document management systems	CSD	
IDT 06				2.1.6 Improve on customer care	CSD	
IDT 07				2.1.7 Maintain and improve municipal	CSD	
IDT 08						
BACK TO BASICS –Cross cutting measures						
SDF 01	SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT	Promoting and facilitating environmental protection and sustainable spatial planning.	6.1 Realise a completely protected environment	6.1.1 Improve community awareness on environmental protection 6.1.2 Implement the coastal management plan	EDPH	
			6.2 Facilitate a creation of a disaster ready community	6.2.1 Develop and adopt the disaster management plan 6.2.2 Create a community disaster awareness		
SDF 02			6.3 Ensure an integrated and aligned development planning	6.3.1 Implement the SDF 6.3.2 Implement the Dokodweni Local Area Development Plan	EDPH	

SDF 03				6.3.3 Implement the Tugela Mouth Local Area Development Plan	EDPH
				6.3.4 Ensure the existence of the municipal land use guideline	
				6.3.5 Promote the municipal integrated planning	

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

Provision of quality basic services and infrastructure which includes, amongst others:

Provide electricity;

Provide housing;

Provide roads and storm water;

Provide Municipality planning services; and

Maintaining the infrastructure of the Municipality.

Economic growth and development that leads to sustainable job creation by:

Ensuring there is a clear structural plan for the Municipality;

Ensuring planning processes function in accordance with set timeframes;

Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1. Fight poverty and build clean, healthy, safe and sustainable communities:

Effective implementation of the Indigent Policy;

Working with the provincial department of health to provide primary health care services;

Extending waste removal services and ensuring effective Municipality cleansing;

Working with strategic partners such as SAPS to address crime;

Ensuring safe working environments by effective enforcement of building and health regulations;

Promote viable, sustainable communities through proper zoning; and

Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinate with the informal settlements upgrade programme

3.3 Foster participatory democracy and Batho pele principles through a caring, accessible and accountable service by:

Optimising effective community participation in the ward committee system; and
Implementing batho pele in the revenue management strategy.

3.4 Promote sound governance through:

Publishing the outcomes of all tender processes on the municipal website

3.5 Ensure financial sustainability through:

Reviewing the use of contracted services, continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

3.6 Optimal institutional transformation to ensure capacity to achieve set objectives

Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

Developing dormant areas;

Enforcing hard development lines – so as to direct private investment;

Maintaining existing urban areas;

Strengthening key economic clusters;

Building social cohesion;

Strong developmental initiatives in relation to the municipal institution as a whole; and

Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the third generation IDP, including:

Strengthening the analysis and strategic planning processes of the Municipality;
Initiating zoned planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;

Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and

Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2017/18 MTREF has therefore been directly informed by the IDP development process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN291 Mandeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)									
Strategic Objective	Goal	Goal Cod	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand									
Sustainable Services	Electricity						30 800	56 273	62 286
Sustainable Services	Waste Management						13 395	14 849	16 327
Sustainable Services	Health						65	69	72
Sustainable Services	Community						2 664	2 795	2 916
Infrastructure	Roads & Stormwater						–	–	–
Infrastructure	Cemeteries						–	–	–
Infrastructure	Housing						–	–	–
Infrastructure	Public Amenities						–	–	–
Good Governance	Support Services						11 418	253	267
Good Governance	Integrated Planning						150	158	167
Good Governance	Financial Management						149 386	171 637	180 895
Good Governance	Human Resources Management						–	–	–
Good Governance	Executive and Council						6 902	7 245	7 590
Environmental Management	Land Management						–	–	–
Economic Development	Local Economic Development						–	–	–
Social Development	Culture & Sport						6	6	7
Social Development	Public Participation								
Safety & Security	Security								
Safety & Security	Disaster Management						1 530	1 613	1 700
Safety & Security	Road Safety								
Allocations to other priorities			2						
Total Revenue (excluding capital transfers and co			1	–	–	–	216 316	254 898	272 226

Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN291 Mandeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)										
Strategic Objective	Goal	Goal Code	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand										
Sustainable Services	Electricity						30 892	64 240	72 565	
Sustainable Services	Waste Management						4 372	5 207	5 497	
Sustainable Services	Health						–	–	–	
Sustainable Services	Community						9 931	10 467	11 064	
Infrastructure	Roads & Stormwater						14 457	15 170	16 011	
Infrastructure	Cemeteries						112	118	125	
Infrastructure	Housing						–	–	–	
Infrastructure	Public Amenities						6 423	6 770	7 146	
Good Governance	Support Services						13 993	14 749	15 572	
Good Governance	Integrated Planning						8 906	9 360	9 862	
Good Governance	Financial Management						47 772	52 880	54 924	
Good Governance	Human Resources Management						18 349	19 339	22 451	
Good Governance	Executive and Council						37 658	42 329	43 929	
Environmental Management	Land Management						–	–	–	
Economic Development	Local Economic Development						2 788	3 421	3 611	
Social Development	Culture & Sport						1 511	1 593	1 680	
Social Development	Public Participation									
Safety & Security	Security									
Safety & Security	Road Safety						19 153	20 188	21 305	
Allocations to other priorities										
Total Expenditure				1	–	–	–	216 316	265 830	285 741

Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

KZN291 Mandeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capita								
Strategic Objective	Goal	Goal Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
			Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand								
		A						
Sustainable Services	Electricity	B				–	–	–
Sustainable Services	Waste Management	C				560	–	–
Sustainable Services	Health	D				–	–	–
Sustainable Services	Community	E				–	1 706	112
Infrastructure	Roads & Stormwater	F				36 240	34 556	36 293
Infrastructure	Cemeteries	G				–	2 000	–
Infrastructure	Housing	H				–	–	–
Infrastructure	Public Amenities	I				–	–	–
Good Governance	Support Services	J				19 328	(4 000)	–
Good Governance	Integrated Planning	K				80	11 178	–
Good Governance	Financial Management	L				–	–	–
Good Governance	Human Resources Management	M				400	–	–
Good Governance	Executive and Council					10	–	–
Environmental Management	Land Management					–	–	–
Economic Development	Local Economic Development					200	–	–
Social Development	Culture & Sport	N				200	200	–
Social Development	Public Participation	O						
Safety & Security	Security	P						
Safety & Security	Road Safety					2 500	–	–
Total Capital Expenditure			–	–	–	59 518	45 640	36 405

2.5 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

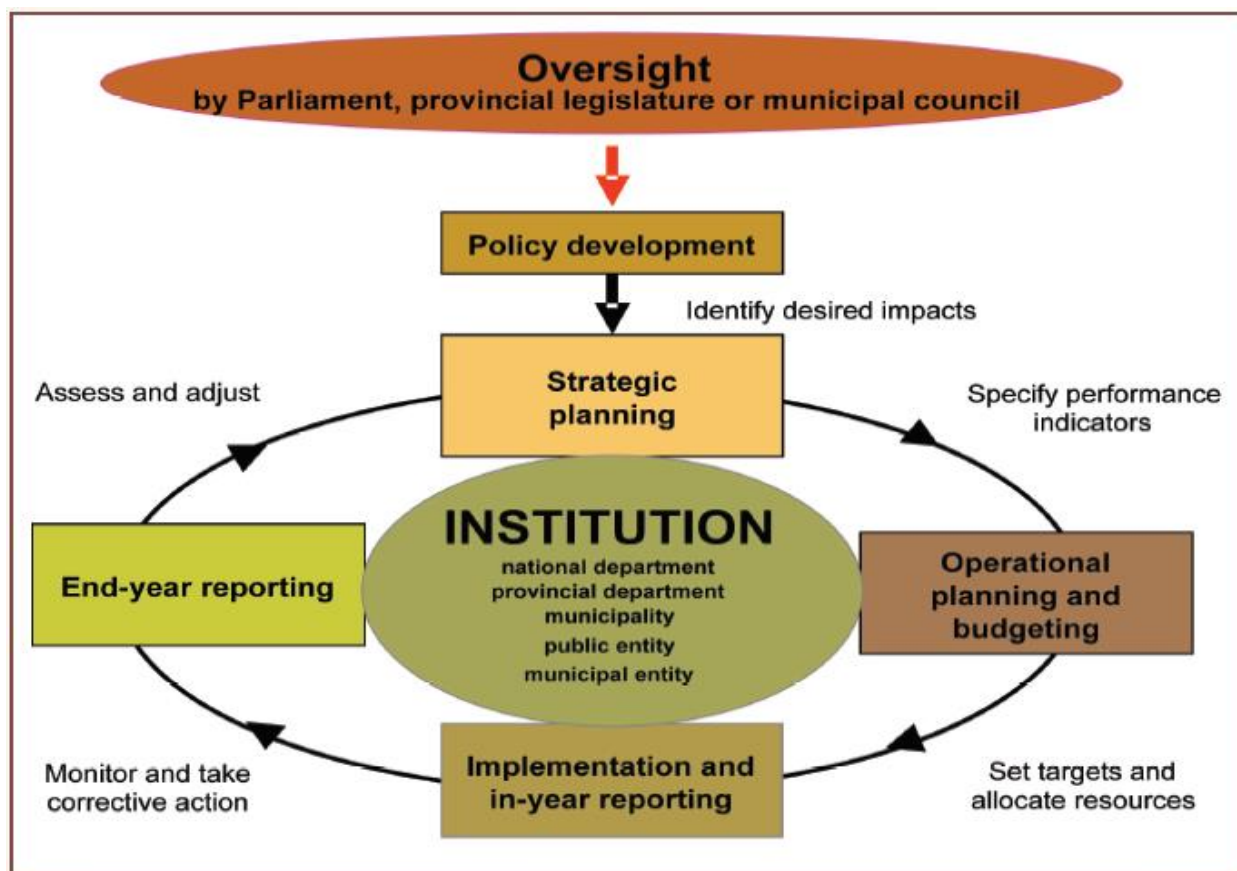


Figure 2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

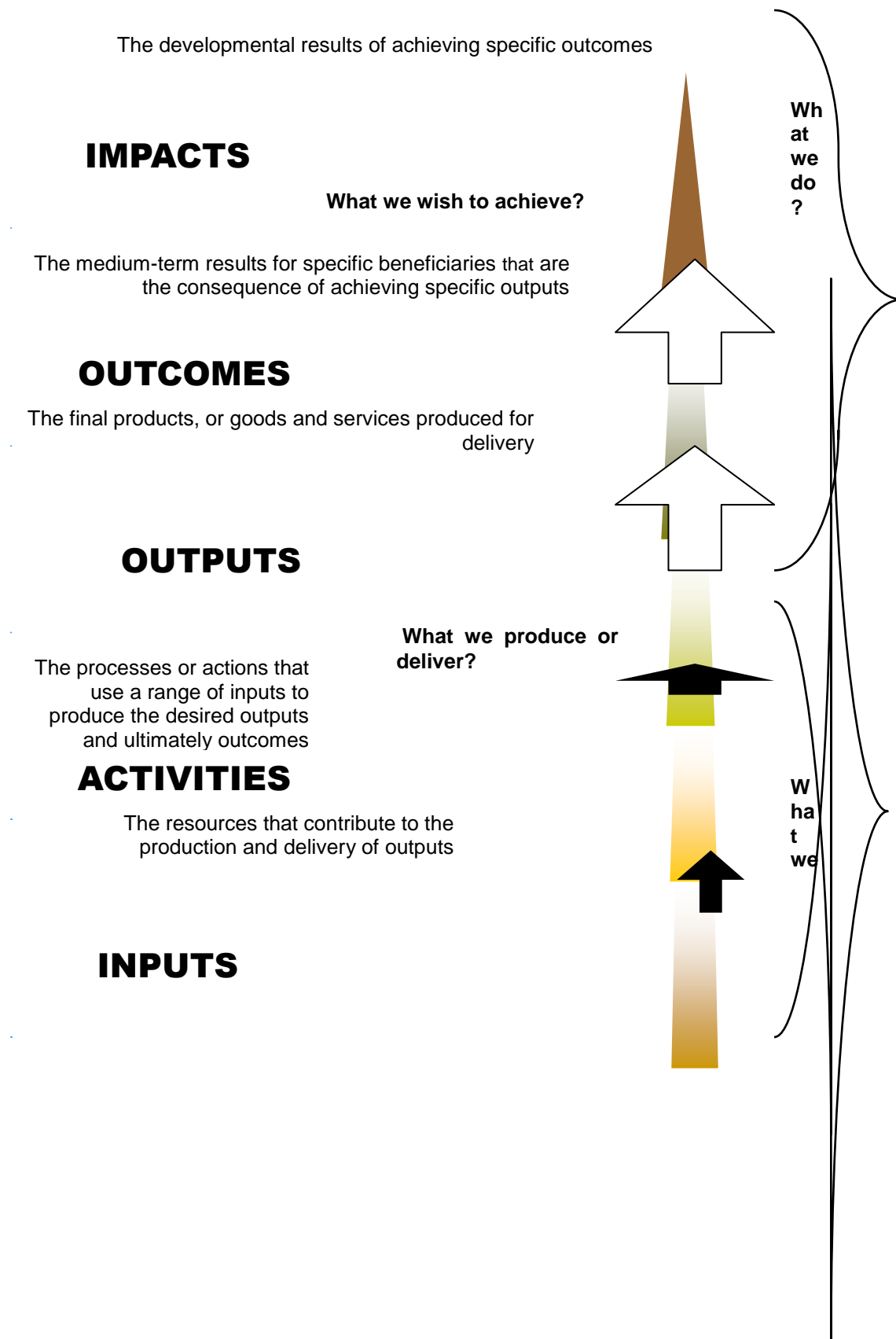


Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year

Table 26 MBRR Table SA7 - Measurable performance objectives

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives						
Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 1 - vote name						
Function 1 - (name)						
Sub-function 1 - (name)						
<i>Electricity</i>				30799748	56272854	62285588
Sub-function 2 - (name)						
<i>Waste Management</i>				13395482	14848838	16326675
Sub-function 3 - (name)						
<i>Health</i>				65000	68510	72210
Function 2 - (name)						
Sub-function 1 - (name)						
<i>Community</i>				2664000	2795350	2915773
Sub-function 2 - (name)						
<i>Support Services</i>				11418000	252960	266620
Sub-function 3 - (name)						
<i>Integrated Planning</i>				150000	158100	166637
Vote 2 - vote name						
Function 1 - (name)						
Sub-function 1 - (name)						
<i>Financial Management</i>				149385535	171636960	180895283
Sub-function 2 - (name)						
<i>Executive and Council</i>				6902000	7245000	7590000
Sub-function 3 - (name)						
<i>Culture & Sport</i>				6000	6324	6665
Function 2 - (name)						
Sub-function 1 - (name)						
<i>Disaster Management</i>				1530442.10	1613085.98	1700192.62
Sub-function 2 - (name)						
<i>Insert measure/s description</i>						
Sub-function 3 - (name)						
<i>Insert measure/s description</i>						

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

KZN291 Mandeni - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%	1.5%	1.3%	1.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.2%	0.0%	0.3%	0.3%	0.3%	4.7%	3.6%	3.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	23.5%	11.9%	0.0%	11.9%	11.9%	11.9%	147.8%	111.1%	83.3%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	5.0	3.4	2.5	7.0	1.9	1.9	1.9	1.4	3.9	4.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	5.0	3.4	2.5	7.0	1.9	1.9	1.9	1.4	3.9	4.7
Liquidity Ratio	Monetary Assets/Current Liabilities	3.6	2.3	1.1	4.2	1.3	1.3	1.3	0.2	0.7	1.0
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		68.6%	82.8%	78.5%	80.6%	72.6%	72.6%	72.6%	66.3%	93.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other Outstanding Debtors to Revenue		68.6%	82.8%	78.5%	80.6%	72.6%	72.6%	72.6%	66.3%	93.1%	93.1%
	Total Outstanding Debtors to Annual Revenue	18.8%	16.8%	16.2%	24.2%	5.4%	5.4%	5.4%	20.7%	21.3%	23.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within' MFMA' s 65(e))										
Creditors to Cash and Investments		7.8%	14.4%	39.1%	9.0%	41.3%	41.3%	41.3%	196.6%	45.8%	28.8%
<u>Other Indicators</u>											
	Total Volume Losses (kW)										
Electricity Distribution Losses (2)	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kt)										
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	20.8%	27.9%	28.4%	29.9%	29.8%	29.8%	29.8%	33.4%	28.7%	28.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	24.3%	27.6%	28.0%	35.5%	35.4%	35.4%		39.5%	34.1%	33.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	9.2%	10.6%	9.7%	14.5%	13.1%	13.1%		13.0%	11.2%	11.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.0%	10.7%	9.4%	9.4%	9.3%	9.3%	9.3%	11.2%	9.9%	9.7%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within	18.0	17.6	23.9	18.4	18.4	18.4	11.5	11.6	14.7	15.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	52.8%	57.7%	63.3%	100.8%	22.7%	22.7%	22.7%	85.5%	74.9%	85.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	11.2	6.4	2.4	2.6	2.4	2.4	2.4	0.5	0.8	1.2

2.6 Performance indicators and benchmarks

2.6.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Mandeni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The Municipality has raised mainly amortising loans over the past fifteen years, hence effectively 'front-loading' its debt service costs

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

2.6.1.2 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2016/17 MTREF the current ratio is 4.9 in the 2017/18 financial year and 5.3 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio was 5.2 and as part of the financial planning strategy it has been maintained at 3.5 in the 2017/18 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.6.1.3 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.6.1.4 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of no concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.6.1.5 Other Indicators

Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the review of organogram and low tariff increase which has direct relationship with low billing level.

Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also increasing owing directly to cost drivers such as assets maintenance plans far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.6.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2017/18 financial year 150 registered indigents have been provided for in the budget with this figured increasing to 1500 by 2017/18. In terms of the Municipality's indigent policy registered households are entitled to, 50 kwh of electricity and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 64.

Note that the number of households in informal areas that receive free services and the cost of these services are not taken into account in the table noted above.

2.7 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.7.1 Review of credit control and debt collection procedures/policies

The Collection Policy is currently under review and it will be approved by Council on March 2016. The policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2017/18 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 73 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.7.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.7.3 Supply Chain Management Policy

The Supply Chain Management Policy has been amended and adopted by Council on the 30th March 2017. A reviewed policy has been considered by Council of which the amendments will extensively be consulted on.

2.7.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy is currently has been reviewed and adopted by Council in March 2017.

2.7.5 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy have been currently reviewed and adopted by Council in March 2017. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.7.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

Property Rates Policy;
Funding and Reserves Policy;
Borrowing Policy;
Budget Policy; and
Basic Social Services Package (Indigent Policy).

2.8 Overview of budget assumptions

2.8.1 External factors

The 2017 Budget Review emphasised that, while the global economic growth outlook has improved, it is clouded by the prevailing policy uncertainty due to the increasing pressure within the world trading system. These factors may jeopardise South Africa's prudent macroeconomic and fiscal policies, which include inflation targeting and a flexible exchange rate, the local economy's ability to adjust to global volatility and the stable investment platform.

GDP growth rate is forecasted to increase by 1.3 per cent in 2017 and to improve moderately over the medium term with to 2 per cent and 2.2 per cent in 2018 and 2019 respectively. This forecast is supported by marginally higher global growth, stabilising commodity prices, greater reliability of the electricity network, more favourable weather conditions, recovering business and consumer confidence, and improved labour relations. The positive trajectory marks a shift from several years of declining growth however; this is still not high enough to markedly reduce unemployment, poverty and inequality.

The unemployment rate was 26.5 per cent in the fourth quarter of 2017. In aggregate mining and manufacturing employment declined by 80 306 jobs in 2017 while the services sector created 119 189 jobs during the same period. The economy continues to create opportunities for semi-skilled and skilled workers, and to shed unskilled jobs, reinforcing poverty and inequality and widening the wage gap.

These economic challenges will continue to pressurise municipal revenue generation and collection levels hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

2.8.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

National Government macro economic targets;

The general inflationary outlook and the impact on Municipality's residents and businesses;

The impact of municipal cost drivers;

The increase in prices for bulk city and water; and

The increase in the cost of remuneration. Employee related costs comprise 38.9 per cent of total operating expenditure in the 2017/18 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.8.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (73 per cent) of annual billings for property rates. Cash flow is assumed to be 73 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Service Charges on electricity and refuse removal are billed simultaneously, therefore a collection rate of 73% is assumed for service charged due to controls that are in place as per the credit control policy.

2.8.4 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.8.5 Salary increases

The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

□ 2017/18 Financial Year – average CPI (Feb 2016– Jan 2017) + 1 per cent

The previous years were:

□ 2015/16 Financial Year – 7 per cent

□ 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

2.8.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

Creating jobs;
Enhancing education and skill development;
Improving Health services;
Rural development and agriculture; and
Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.8.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 85 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2017/18 & MTREF of which performance has been factored into the cash flow budget.

2.9 Overview of budget funding

2.9.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)								
Description	Re	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1							
Revenue By Source								
Property rates	2	28 937	28 937	28 937	28 937	30 789	32 451	34 203
Service charges - electricity revenue	2	12 236	17 186	17 186	17 186	17 270	37 202	39 211
Service charges - water revenue	2	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—
Service charges - refuse revenue	2	7 920	7 920	7 920	7 920	8 395	8 849	9 327
Service charges - other								
Rental of facilities and equipment		305	305	305	305	305	321	339
Interest earned - external investments		3 570	3 570	3 570	3 570	3 000	3 162	3 333
Interest earned - outstanding debtors		7 500	7 500	7 500	7 500	3 500	5 219	6 554
Dividends received						—	—	—
Fines, penalties and forfeits		2 105	1 105	1 105	1 105	505	532	561
Licences and permits		1 255	1 255	1 255	1 255	1 000	1 054	1 111
Agency services						—	—	—
Transfers and subsidies		139 308	139 308	139 308	139 308	151 016	165 503	176 950
Other revenue	2	605	605	605	605	536	604	637
Gains on disposal of PPE						—	—	—
Total Revenue (excluding capital transfers and contributions)		203 740	207 690	207 690	207 690	216 316	254 898	272 226

The following graph is a breakdown of the operational revenue per main category for the 2017/18 financial year.

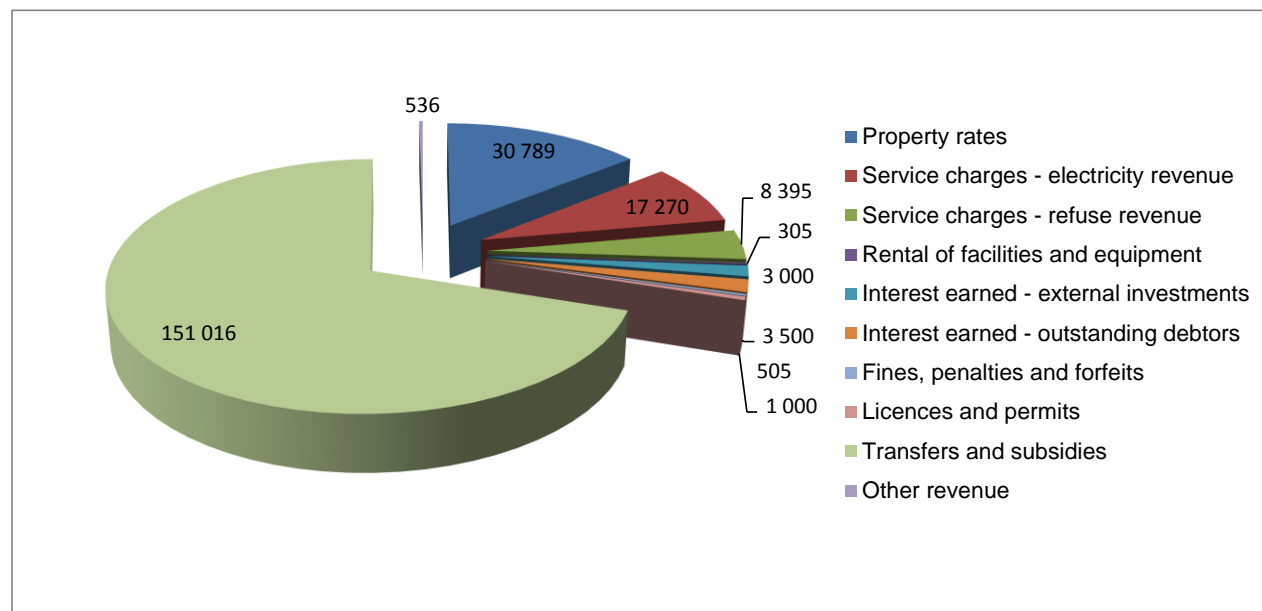


Figure 4 Breakdown of operating revenue over the 2017/18 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

Growth in the Municipality and economic development;

Revenue management and enhancement;

Achievement of a 73 per cent annual collection rate for consumer revenue;

National Treasury guidelines;

Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;

Achievement of full cost recovery of specific user charges;

Determining tariff escalation rate by establishing/calculating revenue requirements;

The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

The ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2017/18 MTREF on the different revenue categories are:

Table 29 Proposed tariff increases over the medium-term

KZN 291-Mandeni Proposed tariff increase over the medium term							
Description	Re						
		2015/16 proposed tariff increase	2016/17 proposed tariff increase	2017/18 proposed tariff increase	2016/17 Additional Revenue for each 1% tariff increase	2017/18 Additional Revenue for each 1% tariff	Total Revenue Budget
R thousand	1						
<u>Revenue By Source</u>		%	%	%	R 0.00	R 0.00	R 0.00
Property rates	2	6.0%	7.0%	6.4%	28 937	30 789	30 789
Electricity revenue	2	7.0%	7.6%	1.9%	17 186	17 270	17 270
Refuse Removal	2	5.1%	6.0%	6.0%	7 920	8 395	8 395
Total Service					54 042	56 454	56 454

Revenue to be generated from property rates is R30.8 million in the 2017/18 financial year and increases to R32.4 million by 2017/18 which represents 14.23 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition we expect some objections, although significant progress was made in clearing all objections by the 2017/18 financial year.

Services charges relating to electricity and refuse removal constitutes the third largest component of the revenue basket of the Municipality totaling R25.7 million for the 2017/18 financial year and increasing to R46.1 million by 2017/18. For the 2017/18 financial year services charges amount to 11.9 per cent of the total revenue base and grows by 89.1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R151.0 million, R165.5 million and R176.9 million for each of the respective financial years of the MTREF, or 70, 65 and 65 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government have reduced in 2017/18 financial year and in the two outer years its grows rapidly over the MTREF by 9.6 per cent and 6.9 per cent.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R3.0 million, R3.2 million and R3.3 million for the respective three financial years of the 2017/18 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity:

Table 30 MBRR SA15 – Detail Investment Information

KZN291 Mandeni - Supporting Table SA15 Investment particulars by type							
Investment type	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand							
<u>Parent municipality</u>							
Securities - National Government							
Listed Corporate Bonds							
Deposits - Bank		5 038	5 038	5 038	14 744	5 912	11 361
Deposits - Public Investment Commissioners							
Deposits - Corporation for Public Deposits							
Bankers Acceptance Certificates							
Negotiable Certificates of Deposit - Banks							
Guaranteed Endowment Policies (sinking)							
Repurchase Agreements - Banks							
Municipal Bonds							
Municipality sub-total	1	5 038	5 038	5 038	14 744	5 912	11 361
<u>Entities</u>							
Securities - National Government							
Listed Corporate Bonds							
Deposits - Bank							
Deposits - Public Investment Commissioners							
Deposits - Corporation for Public Deposits							
Bankers Acceptance Certificates							
Negotiable Certificates of Deposit - Banks							
Guaranteed Endowment Policies (sinking)							
Repurchase Agreements - Banks							
Entities sub-total		—	—	—	—	—	—
Consolidated total:		5 038	5 038	5 038	14 744	5 912	11 361

Table 31 MBRR SA16 – Investment particulars by maturity

KZN291 Mandeni - Supporting Table SA16 Investment particulars by maturity											
Investments by Maturity of institution & investment	Ref	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest	Interest Rate ^a	Commission Paid (Rands)	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal	Closing Balance
Parent municipality											
Standard Bank '068637527		12 Months	osits - Bank	No	Variable	0.09	2 Days Notice	6 323	26	(5 000)	1 349
Nedbank 23581136/9998		5 Yrs	osits - Bank	No	Variable	0.09	2 Days Notice	7 376	34		7 410
First National Bank		12 Months	Main Account	No	Variable		On Call	2 814		(1 522)	1 292
First National Bank		12 Months	Call Account	No	Variable	0.09	2 Days Notice	11 881	650	(11 606)	925
First National Bank		12 Months	Call Account	No	Variable	0.09	2 Days Notice	1 906	8	(1 514)	400
First National Bank		12 Months	Call Account	No	Variable	0.09	2 Days Notice	14 118		(13 238)	880
First National Bank		12 Months	Call Account	No	Variable	0.09	2 Days Notice	130	60		190
First National Bank		12 Months	Call Account	No	Variable	0.09	2 Days Notice	33	5	-	39
First National Bank		12 Months	Call Account	No	Variable	0.11	2 Days Notice	10 924		(10 162)	762
First National Bank		12 Months	Call Account	No	Variable	0.09	2 Days Notice	1 492	7		1 499
											-
											-
Municipality sub-total								56 995		(43 042)	14 744
Entities											-
											-
											-
											-
											-
											-
Entities sub-total								-		-	-
TOTAL INVESTMENTS	1							56 995		(43 042)	14 744

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a balanced budgeted surplus of R14.7 million, R5.9 million and R11.4 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

2.9.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

Table 32 Sources of capital revenue over the MTREF

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding								
Vote Description	Re	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funded by:								
National Government		33 757	25 757	25 757	25 757	47 118	34 556	35 993
Provincial Government								
District Municipality								
Other transfers and grants								
Transfers recognised - capital	4	33 757	25 757	25 757	25 757	47 118	34 556	35 993
Public contributions & donation	5							
Borrowing	6							
Internally generated funds		17 425	11 925	11 925	11 925	12 400	11 084	412
Total Capital Funding	7	51 182	37 682	37 682	37 682	59 518	45 640	36 405

The above table is graphically represented as follows for the 2017/18 financial year.

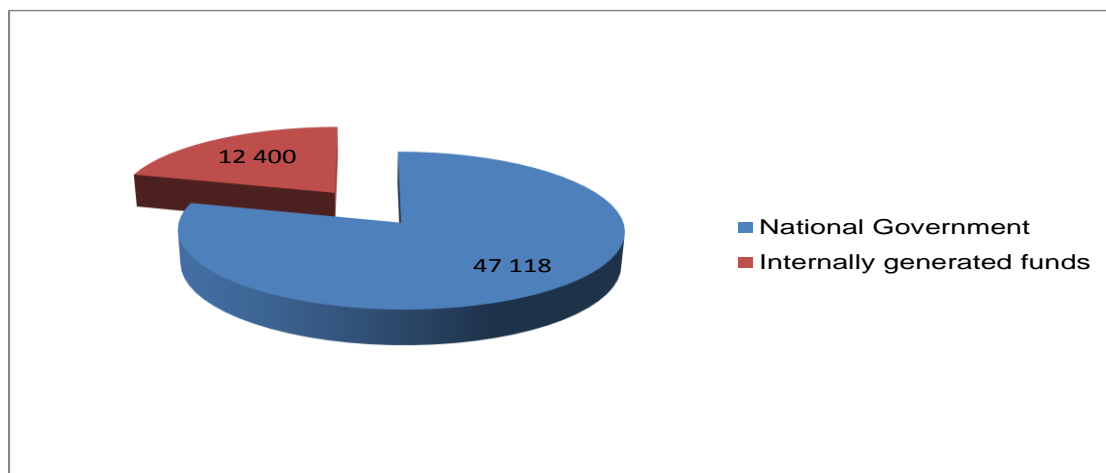


Figure 5 Sources of capital revenue for the 2017/18 financial year

Capital grants and receipts equates to 79.2 per cent of the total funding source which represents R47.1 million for the 2017/18 financial year and steadily decreases to R34.6 million or 94.7 per cent by 2018/19. Growth relating to grant receipts is 6.5, -1 and -4.3 per cent over the medium-term.

Table 33 MBRR Table SA 18 - Capital transfers and grant receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand							
RECEIPTS:	1, 2						
Capital Transfers and Grants							
National Government:		33 757	25 757	25 757	47 118	37 858	39 882
Municipal Infrastructure Grant (MIG)		33 757	25 757	25 757	35 940	37 858	39 882
Neighbourhood Development Partnership					11 178		
Other capital transfers/grants [insert desc]							
Provincial Government:		-	-	-	-	-	-
Other capital transfers/grants [insert desc]							
District Municipality:		-	-	-	-	-	-
[insert description]							
Other grant providers:		-	-	-	-	-	-
[insert description]							
Total Capital Transfers and Grants	5	33 757	25 757	25 757	47 118	37 858	39 882
TOTAL RECEIPTS OF TRANSFERS & GRANTS		173 065	165 065	165 065	198 134	203 361	216 832

2.9.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue. and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 34 MBRR Table A7 - Budget cash flow statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows								
Description	Re	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates		19 180	19 180	19 180	19 180	22 383	23 592	24 866
Service charges		13 360	18 310	18 310	18 310	18 659	33 479	35 287
Other revenue		2 186	7 587	7 587	7 587	1 846	1 985	2 092
Government - operating	1	139 308	139 308	139 308	139 308	151 016	165 503	176 950
Government - capital	1	33 757	25 757	25 757	25 757	47 118	34 556	35 993
Interest		3 945	3 945	3 945	3 945	3 175	3 423	3 660
Dividends		—	—	—	—	—	—	—
Payments								
Suppliers and employees		(166 151)	(170 651)	(170 651)	(170 651)	(176 654)	(211 769)	(226 187)
Finance charges		(1 810)	(810)	(810)	(810)	(2 150)	(2 266)	(2 388)
Transfers and Grants	1	(11 150)	(11 150)	(11 150)	(11 150)	(10 650)	(22 905)	(26 722)
NET CASH FROM/(USED) OPERATING ACTIVITIES		32 625	31 476	31 476	31 476	54 743	25 598	23 551
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE						—	—	—
Decrease (Increase) in non-current debtors						—	—	—
Decrease (increase) other non-current receivables						—	—	—
Decrease (increase) in non-current investments						—	—	—
Payments								
Capital assets		(51 182)	(37 682)	(37 682)	(37 682)	(59 518)	(11 084)	(412)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(51 182)	(37 682)	(37 682)	(37 682)	(59 518)	(11 084)	(412)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans						—	—	—
Borrowing long term/refinancing						—	—	—
Increase (decrease) in consumer deposits			(1 585)	(1 585)	(1 585)	(1 585)	—	—
Payments								
Repayment of borrowing		(1 210)	(1 210)	(1 210)	(1 210)	(1 300)	—	—
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 210)	(2 795)	(2 795)	(2 795)	(2 885)	—	—
NET INCREASE/ (DECREASE) IN CASH HELD		(19 767)	(9 001)	(9 001)	(9 001)	(7 660)	14 513	23 139
Cash/cash equivalents at the year begin:	2					14 744	7 084	21 597
Cash/cash equivalents at the year end:	2	(19 767)	(9 001)	(9 001)	(9 001)	7 084	21 597	44 736

The above table shows that cash and cash equivalents of the Municipality were slowly decreased between the 2016/17 and 2017/18 financial year moving from a positive cash balance of R7.1 to a surplus of R21.6 million with the approved 2019/20 MTREF. With the 2016/17 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R7.1 million by the financial year end. For the 2017/18 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to increase to R21.6 million by 2018/19 and steadily increase to R44.7 million by 2019/20.

2.9.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

What are the predicted cash and investments that are available at the end of the budget year?

How are those funds used?

What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	73,474	60,905	29,057	28,486	25,361	25,361	25,361	5,594	10,912	17,361
Other current investments > 90 days		0	—	2	45,382	0	0	0	(0)	(0)	0
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—	—
Cash and investments available:		73,474	60,905	29,059	73,868	25,361	25,361	25,361	5,594	10,912	17,361
Application of cash and investments											
Unspent conditional transfers		11,133	15,297	7,318	—	7,318	7,318	7,318	16,000	2,000	2,000
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	—	—	—	10,000	—	—	—	—	—	—
Other working capital requirements	3	—	—	—	—	—	—	—	(13,084)	(37,858)	(46,096)
Other provisions		—	1,784	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	1,341	1,537	1,650	12,280	1,784	1,784	1,784	1,800	1,800	1,800
Total Application of cash and investments:		12,474	18,618	8,968	22,280	9,102	9,102	9,102	4,716	(34,058)	(42,296)
Surplus(shortfall)		61,000	42,287	20,091	51,588	16,259	16,259	16,259	878	44,970	59,657

From the above table it can be seen that the cash and investments available total R5.6 million in the 2017/18 financial year and comes to R10.9 million by 2017/18, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. Due to delays in implementing capital programs we foresee that unspent conditional transfer will be R16 million for 2017/18 financial year. In the past these have not been allowed to 'roll-over' and be spent in the ordinary course of business.

During the 2017/18 financial year the municipality has been reallocated by National Treasury an amount of R11.1 million for NDPG.

There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.

Provisions for statutory requirements include VAT owing to timing differences resulting from year-end obligations. The liability in this regard totaled (R16 million) for the 2017/18 financial year.

The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2016/17 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

Against other provisions an amount R6 million has been provided for the 2017/18 financial year. This liability is informed by, amongst others, the supplementary pension liability.

Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. It needs to be noted that for all practical purposes the 2017/18 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2017/18 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

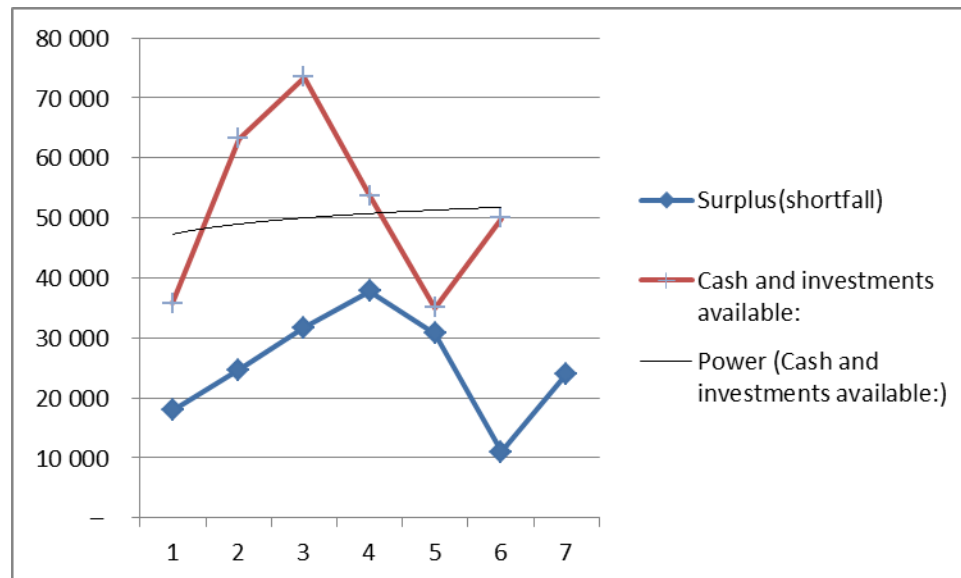


Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.9.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 36 MBRR SA10 – Funding compliance measurement

KZN291 Mandeni Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	-	-	-	-	-	-	-	7 084	21 597	44 736
Cash + investments at the yr end less applications - R'000	18(1)b	2	-	-	-	-	-	-	-	40 961	-	-
Cash year end/monthly employee/supplier payments	18(1)b	3	-	-	-	-	-	-	-	0.6	1.5	2.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	-	-	-	-	-	-	-	47 118	23 624	22 478
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	33.1%	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	68.8%	68.5%	67.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.8%	5.2%	5.2%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	99.7%	26.3%	1.1%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Gov't. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	(100.0%)	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Supporting indicators											
% incr total service charges (incl prop rates)	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	39.1%	5.4%
% incr Property Tax	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.4%	5.4%
% incr Service charges - electricity revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	115.4%	5.4%
% incr Service charges - water revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.4%	5.4%
% incr in Service charges - other	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	-	-	-	-	-	-	-	56 454	78 502	82 741
Service charges		-	-	-	-	-	-	-	56 454	78 502	82 741
Property rates		-	-	-	-	-	-	-	30 789	32 451	34 203
Service charges - electricity revenue		-	-	-	-	-	-	-	17 270	37 202	39 211
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
Service charges - refuse removal		-	-	-	-	-	-	-	8 395	8 849	9 327
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	305	321	339
Capital expenditure excluding capital grant funding		-	-	-	-	-	-	-	12 600	7 578	300
Cash receipts from ratepayers	18(1)a	-	-	-	-	-	-	-	42 888	59 056	62 245
Ratepayer & Other revenue	18(1)a	-	-	-	-	-	-	-	62 300	86 233	91 943
Change in consumer debtors (current and non-current)		-	-	-	-	-	-	-	53 818	(53 818)	-
Operating and Capital Grant Revenue	18(1)a	-	-	-	-	-	-	-	198 134	200 059	212 943
Capital expenditure - total	20(1)(vi)	-	-	-	-	-	-	-	59 718	42 134	36 293
Capital expenditure - renewal	20(1)(vi)	-	-	-	-	-	-	-	-	-	-
Supporting benchmarks											
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY											
DoRA capital grants total MFY											
Provincial operating grants											
Provincial capital grants											
District Municipality grants											
Total gazetted/advised national, provincial and district grants									-	-	-
Average annual collection rate (arrears inclusive)											

Total Operating Revenue			-	-	-	-	-	-	-	216 316	254 898	272 226
Total Operating Expenditure			-	-	-	-	-	-	-	216 316	265 830	285 741
Operating Performance Surplus/(Deficit)			-	-	-	-	-	-	-	(0)	(10 932)	(13 515)
Cash and Cash Equivalents (30 June 2012)										7 084		
Revenue												
% Increase in Total Operating Revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	17.8%	6.8%
% Increase in Property Rates Revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.4%	5.4%
% Increase in Electricity Revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	115.4%	5.4%
% Increase in Property Rates & Services Charges			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	39.1%	5.4%
Expenditure												
% Increase in Total Operating Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	22.9%	7.5%
% Increase in Employee Costs			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.4%	5.8%
% Increase in Electricity Bulk Purchases			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	142.4%	11.8%
Average Cost Per Budgeted Employee Position (Remuneration)			0	0	0	0	0	0	0	299037.2982		
Average Cost Per Councillor (Remuneration)			0	0	0	0	0	0	0	391438.4782		
R&M % of PPE			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset Renewal and R&M as a % of PPE			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt Impairment % of Total Billable Revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.8%	5.2%	5.2%
Capital Revenue												
Internally Funded & Other (R'000)			-	-	-	-	-	-	-	12 400	11 084	412
Borrowing (R'000)			-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)			-	-	-	-	-	-	-	47 118	34 556	35 993
Internally Generated funds % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	79.2%	75.7%	98.9%
Capital Expenditure												
Total Capital Programme (R'000)			-	-	-	-	-	-	-	59 518	45 640	36 405
Asset Renewal			-	-	-	-	-	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash												
Cash Receipts % of Rate Payer & Other			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	68.8%	68.5%	67.7%
Cash Coverage Ratio			-	-	-	-	-	-	-	0	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%	0.9%	0.8%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			-	-	-	-	-	-	-	40 961	-	-
Free Services												
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	1.9%	1.9%
High Level Outcome of Funding Compliance												
Total Operating Revenue			-	-	-	-	-	-	-	216 316	254 898	272 226
Total Operating Expenditure			-	-	-	-	-	-	-	216 316	265 830	285 741
Surplus/(Deficit) Budgeted Operating Statement			-	-	-	-	-	-	-	(0)	(10 932)	(13 515)
Surplus/(Deficit) Considering Reserves and Cash Backing			-	-	-	-	-	-	-	40 961	-	-
MTREF Funded (1) / Unfunded (0)	15	1	1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✖	15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

2.9.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is positive, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2017/18 MTREF shows R5.6 million, R10.9 million and R17.4 million for each respective financial year.

2.9.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 20, on page 39. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.9.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been increasing steadily for the period 2012/13 to 2017/18, moving from 3.4 to 6.0 with the adopted 2017/18 & MTREF. As part of the 2017/18 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.1 and then increase slightly to 8.1 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.9.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.9.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6, 0.6 and 0.2 per cent for the respective financial year of the 2017/18 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 11.05 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.9.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 161, 146 and 151 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.9.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 6.4, 6.4 and 6.4 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.9.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

2.9.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0 per cent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 57.

2.9.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.9.5.11 Consumer debtors change (Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.9.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 50 MBRR SA34C on page 100.

2.9.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 49 MBRR SA34b on page 99.

2.10 Expenditure on grants and reconciliations of unspent funds

Table 37 MBRR SA19 - Expenditure on transfers and grant programmes

KZN291 Mandeni - Supporting Table SA19 Expenditure on transfers and grant programme							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:	1						
Operating expenditure of Transfers and Grants							
National Government:		136 754	136 754	136 754	148 377	162 734	174 062
Local Government Equitable Share		122 874	122 874	122 874	134 192	145 834	154 162
Finance Management		1 825	1 825	1 825	1 900	1 900	1 900
Municipal Systems Improvement		–	–	–			
EPWP Incentive		2 055	2 055	2 055	2 285		
Integrated National Electrification Programme		10 000	10 000	10 000	10 000	15 000	18 000
Other transfers/grants [insert description]							
Provincial Government:		2 554	2 554	2 554	2 639	2 769	2 888
Sport and Recreation		1 797	1 797	1 797	1 545	1 622	1 703
Provincialization of Libraries		757	757	757	1 094	1 147	1 185
Recapitalisation- Community Library							
Other transfers/grants [insert description]							
District Municipality:		–	–	–	–	–	–
[insert description]							
Other grant providers:		–	–	–	–	–	–
[insert description]							
Total operating expenditure of Transfers and Grants:		139 308	139 308	139 308	151 016	165 503	176 950
Capital expenditure of Transfers and Grants							
National Government:		33 757	25 757	25 757	47 118	37 858	39 882
Municipal Infrastructure Grant (MIG)		33 757	25 757	25 757	35 940	37 858	39 882
Neighbourhood Development Partnership					11 178		
Other capital transfers/grants [insert desc]							
Provincial Government:		–	–	–	–	–	–
Other capital transfers/grants [insert description]							
District Municipality:		–	–	–	–	–	–
[insert description]							
Other grant providers:		–	–	–	–	–	–
[insert description]							
Total capital expenditure of Transfers and Grants		33 757	25 757	25 757	47 118	37 858	39 882
TOTAL EXPENDITURE OF TRANSFERS AND GRANT		173 065	165 065	165 065	198 134	203 361	216 832

Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN291 Mandeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds						
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure	
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19 Budget Year +2 2019/20
Operating transfers and grants:	1,3					
National Government:						
Balance unspent at beginning of the year						
Current year receipts		133 856	133 856	133 856	148 377	162 734
Conditions met - transferred to revenue		133 856	133 856	133 856	148 377	162 734
Conditions still to be met - transferred to liabilities						
Provincial Government:						
Balance unspent at beginning of the year						
Current year receipts		10 114	10 114	10 114	2 639	2 769
Conditions met - transferred to revenue		10 114	10 114	10 114	2 639	2 769
Conditions still to be met - transferred to liabilities						
District Municipality:						
Balance unspent at beginning of the year						
Current year receipts						
Conditions met - transferred to revenue		-	-	-	-	-
Conditions still to be met - transferred to liabilities						
Other grant providers:						
Balance unspent at beginning of the year						
Current year receipts						
Conditions met - transferred to revenue		-	-	-	-	-
Conditions still to be met - transferred to liabilities						
Total operating transfers and grants revenue		143 970	143 970	143 970	151 016	165 503
Total operating transfers and grants - CTBM	2	-	-	-	-	-
Capital transfers and grants:	1,3					
National Government:						
Balance unspent at beginning of the year						
Current year receipts		43 886	43 886	43 886	47 118	34 556
Conditions met - transferred to revenue		43 886	43 886	43 886	47 118	34 556
Conditions still to be met - transferred to liabilities						
Provincial Government:						
Balance unspent at beginning of the year						
Current year receipts						
Conditions met - transferred to revenue		-	-	-	-	-
Conditions still to be met - transferred to liabilities						
District Municipality:						
Balance unspent at beginning of the year						
Current year receipts						
Conditions met - transferred to revenue		-	-	-	-	-
Conditions still to be met - transferred to liabilities						
Other grant providers:						
Balance unspent at beginning of the year						
Current year receipts						
Conditions met - transferred to revenue		-	-	-	-	-
Conditions still to be met - transferred to liabilities						
Total capital transfers and grants revenue		43 886	43 886	43 886	47 118	34 556
Total capital transfers and grants - CTBM	2	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		187 856	187 856	187 856	198 134	200 059
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-

2.11 Councilors and employee benefits

Table 39 MBRR SA22 - Summary of councilor and staff benefits

KZN291 Mandeni - Supporting Table SA22 Summary councillor and staff benefits							
Summary of Employee and Councillor remuneration	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand							
Councillors (Political Office Bearers plus Other)	1	D	E	F	G	H	I
Basic Salaries and Wages					10 271	10 826	11 454
Pension and UIF Contributions					712	750	794
Medical Aid Contributions					1 235	1 302	1 378
Motor Vehicle Allowance					767	808	855
Cellphone Allowance					715	754	798
Housing Allowances							
Other benefits and allowances							
Sub Total - Councillors	4	-	-	-	13 700	14 440	15 278
% increase	4	-	-	-	-	5.4%	5.8%
Senior Managers of the Municipality	2						
Basic Salaries and Wages					5 252	5 536	5 857
Pension and UIF Contributions					374	395	418
Medical Aid Contributions					161	169	179
Overtime					-	-	-
Performance Bonus					352	371	393
Motor Vehicle Allowance	3				933	984	1 041
Cellphone Allowance	3				80	85	90
Housing Allowances	3				88	92	98
Other benefits and allowances	3						
Payments in lieu of leave							
Long service awards							
Post-retirement benefit obligations	6						
Sub Total - Senior Managers of Municipality	4	-	-	-	7 241	7 632	8 075
% increase	4	-	-	-	-	5.4%	5.8%
Other Municipal Staff							
Basic Salaries and Wages					53 368	56 250	59 512
Pension and UIF Contributions					3 094	3 261	3 451
Medical Aid Contributions					1 549	1 633	1 727
Overtime					155	163	173
Performance Bonus							
Motor Vehicle Allowance	3				4 734	4 990	5 279
Cellphone Allowance	3				180	190	201
Housing Allowances	3				251	265	280
Other benefits and allowances	3						
Payments in lieu of leave							
Long service awards							
Post-retirement benefit obligations	6						
Sub Total - Other Municipal Staff	4	-	-	-	63 332	66 752	70 623
% increase	4	-	-	-	-	5.4%	5.8%
Total Parent Municipality		-	-	-	84 273	88 824	93 976
Total Municipal Entities		-	-	-	-	5.4%	5.8%
TOTAL SALARY, ALLOWANCES & BENEFITS		-	-	-	84 273	88 824	93 976
% increase	4	-	-	-	-	5.4%	5.8%
TOTAL MANAGERS AND STAFF	5,7	-	-	-	70 573	74 384	78 698

Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

KZN291 Mandeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributi	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<u>Councillors</u>	3							
Speaker	4		709 290		25 511			734 802
Chief Whip			378 484		25 511			403 996
Executive Mayor			886 612		25 511			912 124
Deputy Executive Mayor			709 290		25 511			734 802
Executive Committee			2 383 959		102 046			2 486 004
Total for all other councillors			7 962 936		465 684			8 428 620
Total Councillors	8	-	13 030 572	-	669 775			13 700 347
<u>Senior Managers of the Municipality</u>	5							
Municipal Manager (MM)			947 592	106 753	221 017	68 617		1 343 979
Chief Finance Officer			860 913	93 753	167 946	56 751		1 179 364
			860 913	91 211	170 478	56 751		1 179 353
			860 913	103 924	157 795	56 751		1 179 383
			860 913	116 637	145 100	56 751		1 179 401
			860 913	110 280	151 447	56 751		1 179 392
<i>List of each official with packages >= senior manager</i>								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	5 252 157	622 558	1 013 783	352 373		7 240 871
<u>A Heading for Each Entity</u>	6,7							
List each member of board by designation								-
								-
								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	18 282 729	622 558	1 683 558	352 373		20 941 219

Table 41 MBRR SA24 – Summary of personnel numbers

KZN291 Mandeni - Supporting Table SA24 Summary of personnel numbers							
Summary of Personnel Numbers	Ref	Current Year 2016/17			Budget Year 2017/18		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities							
Councillors (Political Office Bearers plus Other C		34	3	31	35	5	30
Board Members of municipal entities	4						
Municipal employees	5						
Municipal Manager and Senior Managers	3	6	–	6	5		5
Other Managers	7	15	15				
Professionals		41	35	6	44	39	5
Finance		24	19	5	34	29	5
Spatial/town planning		3	2	1	3	3	
Information Technology		4	4		4	4	
Roads		2	2		2	2	
Electricity		1	1		1	1	
Water		1	1				
Sanitation							
Refuse							
Other		6	6		20	20	
Technicians		20	20	–	20	20	–
Finance							
Spatial/town planning							
Information Technology							
Roads							
Electricity		4	4		4	4	
Water							
Sanitation							
Refuse							
Other		16	16		16	16	
Clerks (Clerical and administrative)		39	39		39	39	
Service and sales workers		29	29		41	41	
Skilled agricultural and fishery workers							
Craft and related trades							
Plant and Machine Operators		21	21		25	25	
Elementary Occupations		65	65		62	62	
TOTAL PERSONNEL NUMBERS	9	270	227	43	271	231	40
% increase		–	–	–	0.4%	1.8%	(7.0%)
Total municipal employees headcount	6, 10						
Finance personnel headcount	8, 10						
Human Resources personnel headcount	8, 10						

2.12 Monthly targets for revenue, expenditure and cash flow

Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN291 Mandeni - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2017/18											Medium Term Revenue and Expenditure Framework		
R thousand	July		August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source																
Property rates				3 079	3 079	3 079	3 079	3 079	3 079	3 079	3 079	3 079	–	30 789	32 451	34 203
Service charges - electricity revenue			–	–	–	–	–	–	–	–	–	–	17 270	17 270	37 202	39 211
Service charges - water revenue			1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	(15 831)	–	–	–
Service charges - sanitation revenue			–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue			–	–	–	–	–	–	–	–	–	–	8 395	8 395	8 849	9 327
Service charges - other			700	700	700	700	700	700	700	700	700	700	(7 696)	–	–	–
Rental of facilities and equipment			–	–	–	–	–	–	–	–	–	–	305	305	321	339
Interest earned - external investments			25	25	25	25	25	25	25	25	25	25	2 720	3 000	3 162	3 333
Interest earned - outstanding debtors			250	250	250	250	250	250	250	250	250	250	750	3 500	5 219	6 554
Dividends received			292	292	292	292	292	292	292	292	292	292	(3 208)	–	–	–
Fines, penalties and forfeits			–	–	–	–	–	–	–	–	–	–	505	505	532	561
Licences and permits			42	42	42	42	42	42	42	42	42	42	537	1 000	1 054	1 111
Agency services			83	83	83	83	83	83	83	83	83	83	(917)	–	–	–
Transfers and subsidies			–	–	–	–	–	–	–	–	–	–	151 016	151 016	165 503	176 950
Other revenue			12 585	12 585	12 585	12 585	12 585	12 585	12 585	12 585	12 585	12 585	(137 895)	536	604	637
Gains on disposal of PPE			45	45	45	45	45	45	45	45	45	45	(492)	–	–	–
Total Revenue (excluding capital trans			15 461	18 539	18 539	18 539	18 539	18 539	18 539	18 539	18 539	18 539	15 461	216 316	254 898	272 226
Expenditure By Type																
Employee related costs			–	–	–	–	–	–	–	–	–	–	70 573	70 573	74 384	78 698
Remuneration of councillors			5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	(50 991)	13 700	14 440	15 278
Debt impairment			1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	(8 697)	3 862	4 070	4 290
Depreciation & asset impairment			322	322	322	322	322	322	322	322	322	322	19 460	23 000	24 819	26 153
Finance charges			1 917	1 917	1 917	1 917	1 917	1 917	1 917	1 917	1 917	1 917	(18 933)	2 150	2 266	2 388
Bulk purchases			179	179	179	179	179	179	179	179	179	179	12 625	14 596	35 385	39 562
Other materials			1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	4 908	18 288	19 276	22 342
Contracted services			1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	(3 170)	13 594	14 944	15 733
Transfers and subsidies			1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	(1 811)	10 650	22 905	26 722
Other expenditure			888	888	888	888	888	888	888	888	888	888	36 141	45 903	53 341	54 575
Loss on disposal of PPE			3 825	3 825	3 825	3 825	3 825	3 825	3 825	3 825	3 825	3 825	(42 078)	–	–	–
Total Expenditure			18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	216 316	265 830	285 741
Surplus/(Deficit)			(2 566)	513	513	513	513	513	513	513	513	513	(2 566)	(0)	(10 932)	(13 515)
Transfers and subsidies - capital			15 706				15 706				15 706		–	47 118	34 556	35 993
Transfers and subsidies - capital													–	–	–	–
Transfers and subsidies - capital (in-kind - all)													–	–	–	–
Surplus/(Deficit) after capital			13 140	513	513	513	16 219	513	513	513	16 219	513	(2 566)	47 118	23 624	22 478
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of													–	–	–	–
Surplus/(Deficit)		1	13 140	513	513	513	16 219	513	513	513	16 219	513	(2 566)	47 118	23 624	22 478

Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**KZN291 Mandeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)**

Description	Re	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Revenue by Vote																
Vote 1 - Executive Council		575	575	575	575	575	575	575	575	575	575	575	575	6 902	7 245	7 590
Vote 2 - Budget & Treasury		13 380	13 380	13 380	13 380	13 380	13 380	13 380	13 380	13 380	13 380	13 380	13 380	160 564	171 637	180 895
Vote 3 - Corporate Services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 4 - Planning and Development		227	227	227	227	227	227	227	227	227	227	227	(2 112)	390	411	433
Vote 5 - Health		1	1	1	1	1	1	1	1	1	1	1	(6)	—	—	—
Vote 6 - Community & Social		128	128	128	128	128	128	128	128	128	128	128	1 326	2 729	2 864	2 988
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 8 - Public Saftey		—	—	—	—	—	—	—	—	—	—	—	1 530	1 530	1 613	1 700
Vote 9 - Sports & Recreation		33	33	33	33	33	33	33	33	33	33	33	(352)	6	6	7
Vote 10 - Environment		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 11 - Waste Management		—	—	—	—	—	—	—	—	—	—	—	13 395	13 395	14 849	16 327
Vote 12 - Electricity		1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	18 521	30 800	56 273	62 286
Vote 13 - Roads & Stormwater		2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	(28 233)	—	—	—
Vote 14 -		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue by Vote		18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	216 316	254 898	272 226
Expenditure by Vote to be appropriated																
Vote 1 - Executive Council		3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	37 658	42 329	43 929
Vote 2 - Budget & Treasury		3 981	3 981	3 981	3 981	3 981	3 981	3 981	3 981	3 981	3 981	3 981	3 981	47 772	52 880	54 924
Vote 3 - Corporate Services		1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	18 349	19 339	22 451
Vote 4 - Planning and Development		837	837	837	837	837	837	837	837	837	837	837	16 482	25 687	27 530	29 045
Vote 5 - Health		126	126	126	126	126	126	126	126	126	126	126	(1 385)	—	—	—
Vote 6 - Community & Social		1 596	1 596	1 596	1 596	1 596	1 596	1 596	1 596	1 596	1 596	1 596	(7 515)	10 042	10 585	11 188
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 8 - Public Saftey		—	—	—	—	—	—	—	—	—	—	—	19 153	19 153	20 188	21 305
Vote 9 - Sports & Recreation		2 141	2 141	2 141	2 141	2 141	2 141	2 141	2 141	2 141	2 141	2 141	(22 036)	1 511	1 593	1 680
Vote 10 - Environment		535	535	535	535	535	535	535	535	535	535	535	535	6 423	6 770	7 146
Vote 11 - Waste Management		1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	(8 880)	4 372	5 207	5 497
Vote 12 - Electricity		364	364	364	364	364	364	364	364	364	364	364	26 884	30 892	64 240	72 565
Vote 13 - Roads & Stormwater		2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	(13 860)	14 457	15 170	16 011
Vote 14 -		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure by Vote		18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	216 316	265 830	285 741
Surplus/(Deficit) before assoc.		(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(10 932)	(13 515)
Taxation														—	—	—
Attributable to minorities														—	—	—
Share of surplus/ (deficit) of associate														—	—	—
Surplus/(Deficit)		1	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(10 932)	(13 515)

Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)																
Description	R thousand	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional																
Governance and administration		13 955	13 955	13 955	13 955	13 955	13 955	13 955	13 955	13 955	13 955	13 955	13 955	167 466	178 882	188 485
Executive and council		575	575	575	575	575	575	575	575	575	575	575	575	6 902	7 245	7 590
Finance and administration		13 380	13 380	13 380	13 380	13 380	13 380	13 380	13 380	13 380	13 380	13 380	13 380	160 564	171 637	180 895
Internal audit		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Community and public safety		355	355	355	355	355	355	355	355	355	355	355	355	4 265	4 483	4 695
Community and social services		227	227	227	227	227	227	227	227	227	227	227	227	2 729	2 864	2 988
Sport and recreation		1	1	1	1	1	1	1	1	1	1	1	1	6	6	7
Public safety		128	128	128	128	128	128	128	128	128	128	128	128	1 530	1 613	1 700
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services		33	33	33	33	33	33	33	33	33	33	33	33	390	411	433
Planning and development		33	33	33	33	33	33	33	33	33	33	33	33	390	411	433
Road transport		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Trading services		3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	44 195	71 122	78 612
Energy sources		2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	30 800	56 273	62 286
Water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste management		1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	13 395	14 849	16 327
Other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue - Functional		18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	216 316	254 898	272 226
Expenditure - Functional																
Governance and administration		8 648	8 648	8 648	8 648	8 648	8 648	8 648	8 648	8 648	8 648	8 648	8 648	103 779	114 548	121 304
Executive and council		3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	37 658	42 329	43 929
Finance and administration		3 981	3 981	3 981	3 981	3 981	3 981	3 981	3 981	3 981	3 981	3 981	22 330	66 120	72 220	77 375
Internal audit		1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	(16 820)	—	—	—
Community and public safety		2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	2 559	30 707	32 365	34 173
Community and social services		837	837	837	837	837	837	837	837	837	837	837	837	10 042	10 585	11 188
Sport and recreation		126	126	126	126	126	126	126	126	126	126	126	126	1 511	1 593	1 680
Public safety		1 596	1 596	1 596	1 596	1 596	1 596	1 596	1 596	1 596	1 596	1 596	1 596	19 153	20 188	21 305
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services		3 881	3 881	3 881	3 881	3 881	3 881	3 881	3 881	3 881	3 881	3 881	3 881	46 567	49 470	52 202
Planning and development		2 141	2 141	2 141	2 141	2 141	2 141	2 141	2 141	2 141	2 141	2 141	2 141	25 687	27 530	29 045
Road transport		1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	14 457	15 170	16 011
Environmental protection		535	535	535	535	535	535	535	535	535	535	535	535	6 423	6 770	7 146
Trading services		2 939	2 939	2 939	2 939	2 939	2 939	2 939	2 939	2 939	2 939	2 939	2 939	35 264	69 447	78 062
Energy sources		2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	30 892	64 240	72 565
Water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste management		364	364	364	364	364	364	364	364	364	364	364	364	4 372	5 207	5 497
Other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure - Functional		18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	18 026	216 316	265 830	285 741
Surplus/(Deficit) before assoc.		(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(10 932)	(13 515)
Share of surplus/ (deficit) of		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(10 932)	(13 515)

Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN291 Mandeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																
Description	Re	Budget Year 2017/18												Medium Term Revenue and Expenditure		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive Council													—	—	—	—
Vote 2 - Budget & Treasury													—	—	—	—
Vote 3 - Corporate Services													—	—	—	—
Vote 4 - Planning and Development													—	—	—	—
Vote 5 - Health													—	—	—	—
Vote 6 - Community & Social													—	—	—	—
Vote 7 - Housing													—	—	—	—
Vote 8 - Public Safety													—	—	—	—
Vote 9 - Sports & Recreation													—	—	—	—
Vote 10 - Environment													—	—	—	—
Vote 11 - Waste Management													—	—	—	—
Vote 12 - Electricity													—	—	—	—
Vote 13 - Roads & Stormwater													—	—	—	—
Vote 14 -													—	—	—	—
Vote 15 -													—	—	—	—
Capital multi-year expenditure	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Single-year expenditure to be appropriated																
Vote 1 - Executive Council		1	1	1	1	1	1	1	1	1	1	1	1	10	—	—
Vote 2 - Budget & Treasury		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 3 - Corporate Services		33	33	33	33	33	33	33	33	33	33	33	33	400	—	—
Vote 4 - Planning and Development		1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	19 608	7 178	—
Vote 5 - Health		17	17	17	17	17	17	17	17	17	17	17	17	200	200	—
Vote 6 - Community & Social		208	208	208	208	208	208	208	208	208	208	208	208	2 500	—	—
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 8 - Public Safety		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 9 - Sports & Recreation		17	17	17	17	17	17	17	17	17	17	17	17	200	200	—
Vote 10 - Environment		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 11 - Waste Management		47	47	47	47	47	47	47	47	47	47	47	47	560	—	—
Vote 12 - Electricity		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 13 - Roads & Stormwater		3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	36 240	34 556	36 293
Vote 14 -		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital single-year expenditure	2	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	59 718	42 134	36 293
Total Capital Expenditure	2	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	59 718	42 134	36 293

Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)																
Description	Re	Budget Year 2017/18												Medium Term Revenue and Expenditure		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
Governance and administration		34	34	34	34	34	34	34	34	34	34	34	34	410	—	—
Executive and council		1	1	1	1	1	1	1	1	1	1	1	1	10	—	—
Finance and administration		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Internal audit		33	33	33	33	33	33	33	33	33	33	33	33	400	—	—
Community and public safety		225	225	225	225	225	225	225	225	225	225	225	225	2 700	3 906	112
Community and social services		—	—	—	—	—	—	—	—	—	—	—	—	—	3 706	112
Sport and recreation		17	17	17	17	17	17	17	17	17	17	17	17	200	200	—
Public safety		208	208	208	208	208	208	208	208	208	208	208	208	2 500	—	—
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services		4 654	4 654	4 654	4 654	4 654	4 654	4 654	4 654	4 654	4 654	4 654	4 654	55 848	41 734	36 293
Planning and development		1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	19 608	7 178	—
Road transport		3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	36 240	34 556	36 293
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Trading services		47	47	47	47	47	47	47	47	47	47	47	47	560	—	—
Energy sources		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste management		47	47	47	47	47	47	47	47	47	47	47	47	560	—	—
Other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Functional	2	4 960	4 960	4 960	4 960	4 960	4 960	4 960	4 960	4 960	4 960	4 960	4 960	59 518	45 640	36 405
Funded by:																
National Government													47 118	47 118	34 556	35 993
Provincial Government													—	—	—	—
District Municipality													—	—	—	—
Other transfers and grants													—	—	—	—
Transfers recognised - capital		—	—	—	—	—	—	—	—	—	—	—	47 118	47 118	34 556	35 993
Public contributions & donations													—	—	—	—
Borrowing													—	—	—	—
Internally generated funds													12 400	12 400	11 084	412
Total Capital Funding		—	—	—	—	—	—	—	—	—	—	—	59 518	59 518	45 640	36 405

Table 47 MBRR SA30 - Budgeted monthly cash flow

KZN291 Mandeni - Supporting Table SA30 Budgeted monthly cash flow															
MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts By Source													1		
Property rates		2 238	2 238	2 238	2 238	2 238	2 238	2 238	2 238	2 238	2 238	—	22 383	23 592	24 866
Service charges - electricity revenue	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	12 555	27 046	28 507
Service charges - water revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	509	509	509	509	509	509	509	509	509	509	509	509	6 104	6 433	6 780
Service charges - other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment	25	25	25	25	25	25	25	25	25	25	25	25	305	321	339
Interest earned - external investments	250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 162	3 333
Interest earned - outstanding debtors	15	15	15	15	15	15	15	15	15	15	15	15	175	261	328
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits	0	0	0	0	0	0	0	0	0	0	0	0	5	5	6
Licences and permits	83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 054	1 111
Agency services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer receipts - operational	12 585	12 585	12 585	12 585	12 585	12 585	12 585	12 585	12 585	12 585	12 585	12 585	151 016	165 503	176 950
Other revenue	51 587	4 637	—	—	43 287	—	—	—	39 797	—	—	(138 772)	536	604	637
Cash Receipts by Source	16 423	16 423	16 423	16 423	16 423	16 423	16 423	16 423	16 423	16 423	16 423	(124 258)	197 079	227 982	242 856
Other Cash Flows by Source															
Transfer receipts - capital	11 421	—	9 623	—	—	—	—	—	11 421	—	—	14 653	47 118	34 556	35 993
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and Proceeds on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Short term loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(1 585)	—	—
Decrease (Increase) in non-current debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Receipts by Source	27 712	16 291	25 914	16 291	16 291	16 291	16 291	16 291	27 712	16 291	16 291	(109 737)	242 613	262 538	278 849
Cash Payments by Type															
Employee related costs	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	70 573	74 384	78 698
Remuneration of councillors	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	13 700	14 440	15 278
Finance charges	179	179	179	179	179	179	179	179	179	179	179	179	2 150	2 266	2 388
Bulk purchases - Electricity	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	14 596	35 385	39 562
Bulk purchases - Water & Sewer	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other materials	1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	18 288	19 276	22 342
Contracted services	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	13 594	14 944	15 733
Transfers and grants - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other	888	888	888	888	888	888	888	888	888	888	888	888	10 650	22 905	26 722
Other expenditure	3 825	3 825	3 825	3 825	3 825	3 825	3 825	3 825	3 825	3 825	3 825	3 825	45 903	53 341	54 575
Cash Payments by Type	15 788	15 788	15 788	15 788	15 788	15 788	15 788	15 788	15 788	15 788	15 788	15 788	189 454	236 940	255 298
Other Cash Flows/Payments by Type															
Capital assets	4 960	4 960	4 960	4 960	4 960	4 960	4 960	4 960	4 960	4 960	4 960	4 960	59 518	11 084	412
Repayment of borrowing	108	108	108	108	108	108	108	108	108	108	108	108	1 300	—	—
Other Cash Flows/Payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Payments by Type	20 856	20 856	20 856	20 856	20 856	20 856	20 856	20 856	20 856	20 856	20 856	20 856	250 272	248 025	255 710
NET INCREASE/(DECREASE) IN CASH HELD	6 856	(4 565)	5 058	(4 565)	(4 565)	(4 565)	(4 565)	(4 565)	6 856	(4 565)	(4 565)	(130 593)	(7 660)	14 513	23 139
Cash/cash equivalents at the month/year beginning	14 744	21 600	17 035	22 093	17 529	12 964	8 399	3 834	(731)	6 125	1 561	(3 004)	14 744	7 084	21 597
Cash/cash equivalents at the month/year end	21 600	17 035	22 093	17 529	12 964	8 399	3 834	(731)	6 125	1 561	(3 004)	(133 597)	7 084	21 597	44 736

2.13 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.14 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN291 Mandeni - Supporting Table SA34a Capital expenditure on new assets by asset class							
Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1						
Capital expenditure on new assets by Asset Class/Sub-class							
Infrastructure		33 757	25 757	25 757	36 500	37 858	39 882
Roads Infrastructure		33 757	25 757	25 757	35 940	37 858	39 882
Roads		33 757	25 757	25 757	35 940	37 858	39 882
Road Structures							
Road Furniture							
Capital Spares							
Electrical Infrastructure		—	—	—	—	—	—
Power Plants							
HV Substations							
HV Switching Station							
HV Transmission Conductors							
MV Substations							
MV Switching Stations							
MV Networks							
LV Networks							
Capital Spares							
Solid Waste Infrastructure		—	—	—	560	—	—
Landfill Sites							
Waste Transfer Stations							
Waste Processing Facilities							
Waste Drop-off Points					560		
Waste Separation Facilities							
Electricity Generation Facilities							
Capital Spares							
Information and Communication Infrastructure		—	—	—	—	—	—
Data Centres							
Core Layers							
Distribution Layers							
Capital Spares							
Community Assets		900	—	—	2 500	—	—
Community Facilities		900	—	—	2 500	—	—
Halls							
Centres							
Crèches							
Clinics/Care Centres							
Fire/Ambulance Stations							
Testing Stations					2 500		
Libraries							
Cemeteries/Crematoria		500	—	—			
Police							
Purfs		400	—	—			
Public Open Space							
Nature Reserves							
Public Ablution Facilities							
Taxi Ranks/Bus Terminals							
Capital Spares							
Sport and Recreation Facilities		—	—	—	—	—	—
Indoor Facilities							
Outdoor Facilities							
Capital Spares							
Investment properties		—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—
Improved Property							
Unimproved Property							
Non-revenue Generating		—	—	—	—	—	—
Improved Property							
Unimproved Property							
Other assets		—	—	—	—	—	—
Operational Buildings		—	—	—	—	—	—
Municipal Offices							
Pay/Enquiry Points							
Building Plan Offices							
Workshops							
Yards							
Stores							
Laboratories							
Training Centres							
Manufacturing Plant							
Depots							
Capital Spares							
Biological or Cultivated Assets		—	—	—	—	—	—
Biological or Cultivated Assets							
Intangible Assets		—	—	—	—	—	—
Servitudes		—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—
Water Rights							
Effluent Licenses							
Solid Waste Licenses							
Computer Software and Applications							
Load Settlement Software Applications							
Unspecified							
Computer Equipment		1 620	1 020	1 020	190	—	—
Computer Equipment		1 620	1 020	1 020	190	—	—
Furniture and Office Equipment		730	730	730	300	—	—
Furniture and Office Equipment		730	730	730	300	—	—
Machinery and Equipment		560	560	560	—	—	—
Machinery and Equipment		560	560	560	—	—	—
Transport Assets		—	—	—	350	—	—
Transport Assets					350	—	—
Libraries		—	—	—	—	—	—
Libraries							
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals							
Total Capital Expenditure on new assets	1	37 567	28 067	28 067	39 840	37 858	39 882

Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN291 Mandeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class							
Description	Ref 1	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on renewal of existing assets by Asset Class/Sub-class							
Infrastructure		3 500	3 500	3 500	11 478	—	—
Roads Infrastructure		2 000	2 000	2 000	11 478	—	—
Roads		2 000	2 000	2 000	11 478	—	—
Road Structures							
Road Furniture							
Capital Spares							
Storm water Infrastructure		—	—	—	—	—	—
Drainage Collection							
Storm water Conveyance							
Attenuation							
Electrical Infrastructure		1 500	1 500	1 500	—	—	—
Power Plants							
HV Substations		1 500	1 500	1 500	—	—	—
HV Switching Station							
HV Transmission Conductors							
MV Substations							
MV Switching Stations							
MV Networks							
LV Networks							
Capital Spares							
Information and Communication Infrastructure		—	—	—	—	—	—
Data Centres							
Core Layers							
Distribution Layers							
Capital Spares							
Community Assets		1 500	1 500	1 500	200	—	—
Community Facilities		1 200	1 200	1 200	200	—	—
Halls		700	700	700	200	—	—
Centres							
Creches							
Clinics/Care Centres							
Fire/Ambulance Stations							
Testing Stations							
Museums							
Galleries							
Theatres							
Libraries		500	500	500			
Cemeteries/Crematoria							
Police							
Parks							
Public Open Space					200		
Nature Reserves							
Public Ablution Facilities							
Markets							
Stalls							
Abattoirs							
Airports							
Taxi Ranks/Bus Terminals							
Capital Spares							
Sport and Recreation Facilities		300	300	300	—	—	—
Indoor Facilities							
Outdoor Facilities		300	300	300	—	—	—
Capital Spares							
Investment properties		—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—
Improved Property							
Unimproved Property							
Non-revenue Generating		—	—	—	—	—	—
Improved Property							
Unimproved Property							
Other assets		8 250	4 250	4 250	8 000	—	—
Operational Buildings		8 250	4 250	4 250	8 000	—	—
Municipal Offices		8 000	4 000	4 000	8 000	—	—
Pay/Enquiry Points							
Building Plan Offices							
Workshops							
Yards							
Stores							
Laboratories							
Training Centres							
Manufacturing Plant							
Depots							
Capital Spares		250	250	250	—	—	—
Housing		—	—	—	—	—	—
Staff Housing							
Social Housing							
Capital Spares							
Biological or Cultivated Assets		—	—	—	—	—	—
Biological or Cultivated Assets							
Intangible Assets		60	60	60	—	—	—
Servitudes		60	60	60	—	—	—
Licences and Rights		60	60	60	—	—	—
Water Rights							
Effluent Licenses							
Solid Waste Licenses							
Computer Software and Applications		60	60	60	—	—	—
Load Settlement Software Applications							
Unspecified							
Computer Equipment		55	55	55	—	—	—
Computer Equipment		55	55	55	—	—	—
Furniture and Office Equipment		50	50	50	—	—	—
Furniture and Office Equipment		50	50	50	—	—	—
Machinery and Equipment		200	200	200	—	—	—
Machinery and Equipment		200	200	200	—	—	—
Transport Assets		—	—	—	—	—	—
Transport Assets		—	—	—	—	—	—
Libraries		—	—	—	—	—	—
Libraries		—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—
Total Capital Expenditure on renewal	1	13 615	9 615	9 615	19 678	—	—
Renewal of Existing Assets as % of total		100.0%	100.0%	100.0%	100.0%	0.0%	0.0%
Renewal of Existing Assets as % of depr		71.7%	50.6%	50.6%	134.5%	0.0%	0.0%

Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class							
Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1						
Repairs and maintenance expenditure by Asset Class/Sub-class							
Infrastructure		17 003	17 503	17 503	9 267	9 768	10 295
Roads Infrastructure		4 450	4 950	4 950	2 961	3 121	3 289
Roads		4 450	4 950	4 950	2 500	2 635	2 777
Road Structures							
Road Furniture							
Capital Spares					461	486	512
Storm water Infrastructure		11 553	11 553	11 553	4 135	4 358	4 594
Drainage Collection		11 553	11 553	11 553	4 135	4 358	4 594
Storm water Conveyance							
Attenuation							
Electrical Infrastructure		1 000	1 000	1 000	2 171	2 289	2 412
Power Plants							
HV Substations		1 000	1 000	1 000	2 171	2 289	2 412
HV Switching Station							
HV Transmission Conductors							
MV Substations							
MV Switching Stations							
MV Networks							
LV Networks							
Capital Spares							
Community Assets		3 780	3 780	3 780	3 858	4 067	4 286
Community Facilities		3 780	3 780	3 780	3 500	3 689	3 888
Halls		280	280	280			
Centres							
Crèches							
Clinics/Care Centres							
Fire/Ambulance Stations							
Testing Stations							
Museums							
Galleries							
Theatres							
Libraries							
Cemeteries/Crematoria							
Police							
Purfs							
Public Open Space		3 500	3 500	3 500	3 500	3 689	3 888
Nature Reserves							
Public Ablution Facilities							
Markets							
Stalls							
Abattoirs							
Airports							
Taxi Ranks/Bus Terminals							
Capital Spares							
Sport and Recreation Facilities		—	—	—	358	378	398
Indoor Facilities							
Outdoor Facilities					358	378	398
Capital Spares							
Investment properties		—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—
Improved Property							
Unimproved Property							
Non-revenue Generating		—	—	—	—	—	—
Improved Property							
Unimproved Property							
Other assets		2 202	1 102	1 102	1 772	1 868	1 969
Operational Buildings		2 202	1 102	1 102	1 772	1 868	1 969
Municipal Offices		2 202	1 102	1 102	1 772	1 868	1 969
Pay/Enquiry Points							
Building Plan Offices							
Workshops							
Yards							
Stores							
Laboratories							
Training Centres							
Manufacturing Plant							
Depots							
Capital Spares							
Housing		—	—	—	—	—	—
Staff Housing							
Social Housing							
Capital Spares							
Biological or Cultivated Assets		—	—	—	—	—	—
Biological or Cultivated Assets							
Intangible Assets		—	—	—	—	—	—
Servitudes							
Licences and Rights		—	—	—	—	—	—
Water Rights							
Effluent Licenses							
Solid Waste Licenses							
Computer Software and Applications							
Load Settlement Software Applications							
Unspecified							
Computer Equipment		—	—	—	—	—	—
Computer Equipment							
Furniture and Office Equipment		693	593	593	909	958	3 035
Furniture and Office Equipment		693	593	593	909	958	3 035
Machinery and Equipment		1 503	3 003	3 003	2 481	2 615	2 756
Machinery and Equipment		1 503	3 003	3 003	2 481	2 615	2 756
Transport Assets		1 295	375	375	—	—	—
Transport Assets		1 295	375	375			
Libraries		—	—	—	—	—	—
Libraries							
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals							
Total Repairs and Maintenance Expenditure	1	26 477	26 357	26 357	18 288	19 276	22 342

Table 51 MBRR SA35 - Future financial implications of the capital budget

KZN291 Mandeni - Supporting Table SA35 Future financial implications of the capital budget								
Vote Description	Re	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
		R thousand						
Capital expenditure	1							
Vote 1 - Executive Council		10	—	—				
Vote 2 - Budget & Treasury		—	—	—				
Vote 3 - Corporate Services		400	—	—				
Vote 4 - Planning and Development		19 608	7 178	—				
Vote 5 - Health		—	—	—				
Vote 6 - Community & Social		2 500	—	—				
Vote 7 - Housing		—	—	—				
Vote 8 - Public Safety		—	—	—				
Vote 9 - Sports & Recreation		200	200	—				
Vote 10 - Environment		—	—	—				
Vote 11 - Waste Management		36 240	34 556	36 293				
Vote 12 - Electricity		560	—	—				
Vote 13 - Roads & Stormwater		—	—	—				
Vote 14 -		—	—	—				
Vote 15 -		—	—	—				
List entity summary if applicable								
Total Capital Expenditure		59 518	41 934	36 293	—	—	—	—
Future operational costs by vote	2							
Vote 1 - Executive Council								
Vote 2 - Budget & Treasury								
Vote 3 - Corporate Services								
Vote 4 - Planning and Development								
Vote 5 - Health								
Vote 6 - Community & Social								
Vote 7 - Housing								
Vote 8 - Public Safety								
Vote 9 - Sports & Recreation								
Vote 10 - Environment								
Vote 11 - Waste Management								
Vote 12 - Electricity								
Vote 13 - Roads & Stormwater								
Vote 14 -								
Vote 15 -								
List entity summary if applicable								
Total future operational costs		—	—	—	—	—	—	—
Future revenue by source	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		—	—	—	—	—	—	—
Net Financial Implications		59 518	41 934	36 293	—	—	—	—

Table 52 MBRR SA36 - Detailed capital budget per municipal vote

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget																
Municipal Vote/Capital project	Ref			IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4	Program/Project description	Project number		6	3	3	5		Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Parent municipality:																
List all capital projects grouped by Municipal Vote																
Vote 1 - Executive and Council Municipal Manager		2x laptop	5		No	Other Assets	Computers - hardware/equipment									
		2 laptops	6		No	Other Assets	Computers - hardware/equipment					10			Ward 3	New
		1 laptop (CAE)	7		No	Other Assets	Computers - hardware/equipment									
		printer	8		No	Other Assets	Computers - hardware/equipment									
		1 Printer(specialised printer)	9		No	Other Assets	Computers - hardware/equipment									
		PA system	10		No	Other Assets	Furniture and other office equipment									
		Loud hailer	11		No	Other Assets	Furniture and other office equipment									
		Camera	12		No	Other Assets	Furniture and other office equipment									
		Office Desk	13		No	Other Assets	Furniture and other office equipment									
		Office Desks	3		No	Other Assets	Furniture and other office equipment									
Vote 2 - Budget and Terasury		Office Equipment			No	Other Assets	Furniture and other office equipment			83					ward 3	New
		4 x Laptop	14		No	Other Assets	Computers - hardware/equipment									
		5 x Computers	15		No	Other Assets	Computers - hardware/equipment									
		2 x L-shape Desks	16		No	Other Assets	Furniture and other office equipment			30					Ward 3	New
		Filing Cabinet			No	Other Assets	Furniture and other office equipment			7					Ward 3	New
Vote 3 - Corporate Services		2x Combo Desks			No	Other Assets	Furniture and other office equipment			100					Ward 3	New
		Server upgrade	17		No	Other Assets	Computers - hardware/equipment									
		Biometric access control	18		No	Other Assets	Computers - hardware/equipment									
		Furniture	19		No	Other Assets	Furniture and other office equipment			500	500	300			Ward 3	New
		Generator			No	Other Assets	Furniture and other office equipment			350					Ward 3	New
		Computers			No	Other Assets	Computers - hardware/equipment			180	–	100			Ward 3	New
		Laptop			No	Other Assets	Computers - hardware/equipment			50	600				Ward 3	New
		Air conditioners									360					
Vote 4 - Community and Social Service		Furniture	31		No	Community	Swimming pools				150					
		Pool vacuum	32		No	Other Assets	Plant & equipment									
		Establish cricket ground	33		No	Community	Sportsfields & stadia	29°8'8.634"S ; 31°23'51.742"E								
		Upgrade tennis court	34		No	Community	Sportsfields & stadia	29°7'36.264"S ; 31°23'33.415"E								
		Combo Goal Posts Sport field	35		No	Community	Sportsfields & stadia	29°8'8.634"S ; 31°23'51.742"E								
		Laptops	36		No	Other Assets	Computers - hardware/equipment				300					
		Printers	37		No	Other Assets	Computers - hardware/equipment				100					
		Acoustics instillation - Sibusisiwe	38		No	Community	Community halls	29°5'1.211"S ; 31°24'42.023"E		1 000	300				Ward 3	
		Mobile Libraries	39		No	Other Assets	Furniture and other office equipment			740					Ward 7	Renewal
		Library Furniture and computers	40		No	Other Assets	Furniture and other office equipment			21	200				Ward 3,7	
		Library carpets and painting	41		No	Other Assets	Furniture and other office equipment				500					New
		Community Hall			No	Land & Buildings	Community halls			1 692					Ward 11	New
		Cemetery			No	Land & Buildings	Land & Buidings			2 000	500				To be Determined	New

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget																
Municipal Vote/Capital project	Ref			IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4	Program/Project description	Project number		6	3	3	5		Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Parent municipality:																
List all capital projects grouped by Municipal Vote																
Vote 5 - Sport and Recreation		Quid bikes									120	200			Ward 1&2	New
		Swimming pool development			No	Community	Swimming Pool	29°8'8.838"S ; 31°23'55.13"E	1 174						Ward 15	New
		Sport field and stadium			No	Community	Sportsfields & stadia		370						Ward 9,14 &15	Renewal
		Beach stands									200					
Vote 6 - Public Safety		Rescue boat									130					
		Traffic Patrol Vehicles			No	Other Assets	General Vehicle		529						Ward 3	New
		Establishment of new Protection Services Centre					Buildings	29°9'12.938"S ; 31°24'33.092"E				2 500			Ward 3	New
Vote 7 - Housing																
Vote 8 - Health																
Vote 9 - Planning and Development		Furniture	77		No	Other Assets	Furniture and other office equipment		200	130					Ward 3	New
		Computers	78		No	Other Assets	Computers - hardware/equipment			190						
		Computers for new recruits				Other Assets	Computers - hardware/equipment									
		Office Furniture for new recruits	82		No	Other Assets	Furniture and other office equipment									
		Fridge	87		No	Other Assets	Furniture and other office equipment									
		Reception furniture	88		No	Other Assets	Furniture and other office equipment									
		Refurbishment of existing and pro	89		No	Community	Buildings	29°9'12.938"S ; 31°24'33.092"E	15 000	4 000	8 000				Ward 3 & 15	Renewal
		Ablutions and changerooms incl.	90		No	Community	Buildings									
		Informal trader stalls	91		No	Community	Other Buildings									
		Light Delivery Vehicles (LDV's)	92		No	Other Assets	General vehicles									
		trailers	93		No	Other Assets	Plant & equipment									
		workshop equipment	94		No	Other Assets	Plant & equipment									
		Airconditioners			No	Other Assets	Plant & equipment		200						Ward 3	New
		Ingwenya nature reseve			No	Other Assets	Plant & equipment	29°10'14.453"S ; 31°25'54.917"E	400	–	200			Ward 3	Renewal	
		ArcGIS extensions					Plant & equipment				80				Ward 3	New
Vote 10 - Environmental Protection		Brushcutters	96		No	Other Assets	Plant & equipment									
		ride mower	97		No	Other Assets	Plant & equipment									
		4 tonne crew cab and load bin truck	98		No	Other Assets	Plant & equipment									
		Wood chipper	99		No	Other Assets	Plant & equipment				200					
		Push mowers	100		No	Other Assets	Plant & equipment									
		Plant nursery	101		No	Other Assets	Plant & equipment									
		Plants and trees	102		No	Other Assets	Plant & equipment									
		Storage container	103		No	Other Assets	Plant & equipment									
		Small tools	104		No	Other Assets	Plant & equipment									

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget																	
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information		
R thousand	4				6	3	3	5		Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal	
Parent municipality:																	
List all capital projects grouped by Municipal Vote																	
Vote 11 - Road transport	Counter funding on MIG Projects	109	No	Infrastructure - Road transport	Roads, Pavements & Bridges				3 000						Various Wards	Renewal	
	Rehabilitation of urban roads	110	No	Infrastructure - Road transport	Roads, Pavements & Bridges				8 000		300				Ward 7 &15	New	
	Rehabilitation of rural roads				Roads, Pavements & Bridges												
	Roll overs on Grants	116	No	Infrastructure - Road transport	Roads, Pavements & Bridges												
	CBD Upgrade and improvement	117	No	Infrastructure - Road transport	Roads, Pavements & Bridges			29°8'46.624"S ; 31°24'8.773"E	9 623		11 178	37 858	39 882	Ward 7	Existing		
	Masomonce minibus taxi route	118	No	Infrastructure - Road transport	Roads, Pavements & Bridges			29°6'56.056"S ; 31°24'12.104"E									
	Sundumbili roads Phase 6	119	No	Infrastructure - Road transport	Roads, Pavements & Bridges												
	Inyoni taxi route Phase 1	120	No	Infrastructure - Road transport	Roads, Pavements & Bridges			29°6'37.14"S ; 31°25'24.555"E									
	Inyoni taxi route Phase 2	121	No	Infrastructure - Road transport	Roads, Pavements & Bridges			29°6'37.14"S ; 31°25'24.555"E									
	Sundumbili Roads Upgrade Phase 7	122	No	Infrastructure - Road transport	Roads, Pavements & Bridges												
	Sport facilities (p-component)	123	No	Infrastructure - Road transport	Roads, Pavements & Bridges				11 152						Ward 7	New	
	Inyoni Taxi route phase 3	124	No	Infrastructure - Road transport	Roads, Pavements & Bridges			29°6'37.14"S ; 31°25'24.555"E			4 287				Ward 10	Renewal	
	Upgrading/ Conclusion of Newark Drive	125	No	Infrastructure - Road transport	Roads, Pavements & Bridges			29°11'16.502"S ; 31°25'16.62"E	2 134							Renewal	
	Chappies sportfield	126	No	Infrastructure - Road transport	Roads, Pavements & Bridges			29°7'52.762"S ; 31°23'12.115"E							Ward 14	New	
	Rural Roads Upgrade	127	No	Infrastructure - Road transport	Roads, Pavements & Bridges						5 180		2 728				
	Hardened Sidewalks	128	No	Infrastructure - Road transport	Roads, Pavements & Bridges			29°9'12.938"S ; 31°24'33.092"E	2 200		5 000	1 000			Ward 3	New	
	PMU (5% Top slice)	129	No	Infrastructure - Road transport	Roads, Pavements & Bridges				1 713		1 800						
	Extension of Hlomendlini Bus Route (Esipekepekeni)		No	Infrastructure - Road transport	Roads, Pavements & Bridges				-		7 171	4 936			Ward 4	Renewal	
	Nyoni Housing Bulk Roads and Storm-water infrastructure		No	Infrastructure - Road transport	Roads, Pavements & Bridges			29°11'45.812"S; 31°24'48.281"E	9 553							Renewal	
	Rehabilitation of Mandeni Rural Gravel Roads Programme		No	Infrastructure - Road transport	Roads, Pavements & Bridges			29°6'39.415"S ; 31°25'44.468"E	7 511							Renewal	
	Relocate Thokoza Sportfield										500						
	Hall Isithebe										3 715						
	Upgrade Highview park Roads										3 836	11 430			Ward 3	Renewal	
	Plant & equipment Diagnostic machine						Plant & equipment					150			Ward 3	New	
	Ablution facilities and grand stands for Sports fields at Highview Park						Sportsfields & stadia					750			Ward 3	Renewal	
	Ablution facilities and grand stands for Sports fields at Padianagar						Sportsfields & stadia					750			Ward 3	Renewal	
	Recreational Play Park facilities						Sportsfields & stadia					1 000			Ward	New	
	Upgrade and Improvement of Machibini Sports field						Sportsfields & stadia					2 000			Ward 12	Existing	
	Planned Sportsfield at Enembe / Dendetu						Sportsfields & stadia					2 000			Ward 5	New	
	Construct 1 multi-purpose Hall						Community halls					4 249			Ward 13	New	
	Construct 1 multi-purpose Hall						Community halls					210			Ward 18	Existing	
	Construction of a Swimming Pool						Swimming pools					300			Ward 15	New	
	Relocation of the Sundumbili Plaza Sports field						Plant & equipment					300			Ward 7		
Vote 12 - Waste Management	Skips (Communal Bins)	130	No	Other Assets	Plant & equipment							400			All wards	New	
	Wood chipper	131	No	Other Assets	Plant & equipment												
	Wheeler bins & street bins	132	No	Other Assets	Plant & equipment							60			All wards	New	
	TLB		No	Other Assets	General Vehicle				700						Ward 3	New	
	Waste Separation Facility		No	Other Assets	Plant & equipment				400						Ward 3	New	
Procurement of 50 No Dumping signs mounted on 50 mm X 5m treated poles ready for installation						Plant & equipment						100			All wards	New	
Vote 13 - Electricity	Refurbish 11kv overhead power lines	133	No	Infrastructure - Electricity	Transmission & Reticulation			29°5'1.737"S ; 31°24'41.846"E	1 000	1 500					Ward 3	New	
	Pre-paid electricity Metering	134	No	Infrastructure - Electricity	Transmission & Reticulation			29°9'54.278"S; 31°25'43.145"E									
	Increase the NMD on Mandini Licensed	135	No	Infrastructure - Electricity	Transmission & Reticulation												
	Fencing of sub-stations	136	No	Infrastructure - Electricity	Transmission & Reticulation												
	Streetlighting (new)	137	No	Infrastructure - Electricity	Street Lighting						500				All Wards	New	
	Fault finding machine	138	No	Other Assets	Plant & equipment										Ward 3	New	
Parent Capital expenditure	1										37 682	59 518	37 858	39 882			

2.15 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee

An Audit Committee has been established and is fully functional.

Service Delivery and Implementation Plan

The detail SDBIP document is at a stage and will be finalised after approval of the 2017/18 MTREF in June 2017 directly aligned and informed by the 2017/18 MTREF.

Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

MFMA Training

The MFMA training module in electronic format is presented at the Municipality's internal center and training is ongoing.

Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 05 September 2014. The ratios as prescribed in the Regulations have been complied with.

2.16 Other supporting documents

Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance

Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'								
Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand								
REVENUE ITEMS:								
<u>Property rates</u>	6							
Total Property Rates		30 465	30 465	30 465	30 465	32 415	34 166	36 011
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		1 529	1 529	1 529	1 529	1 627	1 714	1 807
Net Property Rates		28 937	28 937	28 937	28 937	30 789	32 451	34 203
<u>Service charges - electricity revenue</u>	6							
Total Service charges - electricity revenue		12 236	17 186	17 186	17 186	17 270	37 202	39 211
less Revenue Foregone (in excess of 50 kwh per indigent household per month)								
less Cost of Free Basis Services (50 kwh per indigent household per month)		—	—	—	—	—	—	—
Net Service charges - electricity revenue		12 236	17 186	17 186	17 186	17 270	37 202	39 211
<u>Service charges - refuse revenue</u>	6							
Total refuse removal revenue		7 920	7 920	7 920	7 920	8 395	8 849	9 327
Total landfill revenue								
less Revenue Foregone (in excess of one removal a week to indigent households)								
less Cost of Free Basis Services (removed once a week to indigent households)		—	—	—	—	—	—	—
Net Service charges - refuse revenue		7 920	7 920	7 920	7 920	8 395	8 849	9 327
<u>Other Revenue by source</u>								
Tender fees		100	100	100	100	100	105	111
Town Planning Fees		100	100	100	100	100	105	111
Building Plan Fees		50	50	50	50	50	53	56
Photocopy Charges		20	20	20	20	20	21	22
Sundry Income		200	200	200	200	200	211	222
VAT Refund		—	—	—	—	—	—	—
Fire Services		30	30	30	30	30	32	34
Entrance Fees - Swimming Pool		12	12	12	12	6	6	7
Connection Fees		20	20	20	20	20	60	63
Reconnection Fees		10	10	10	10	10	11	11
Other		63	63	63	63	—	—	—
Total 'Other' Revenue	31	605	605	605	605	536	604	637

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'								
Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand								
EXPENDITURE ITEMS:								
Employee related costs								
Basic Salaries and Wages	2	55 885	55 885	55 885	55 885	58 620	61 786	65 369
Pension and UIF Contributions		3 539	3 539	3 539	3 539	3 469	3 656	3 868
Medical Aid Contributions		1 790	1 790	1 790	1 790	1 710	1 802	1 906
Overtime		155	155	155	155	155	163	173
Performance Bonus		352	352	352	352	352	371	393
Motor Vehicle Allowance		5 639	5 639	5 639	5 639	5 668	5 974	6 320
Cellphone Allowance		260	260	260	260	260	274	290
Housing Allowances		339	339	339	339	339	357	378
Other benefits and allowances								
Payments in lieu of leave						—	—	—
Long service awards						—	—	—
Post-retirement benefit obligations						—	—	—
sub-total	4							
Less: Employees costs capitalised to PPE	5	67 960	67 960	67 960	67 960	70 573	74 384	78 698
Total Employee related costs	1	67 960	67 960	67 960	67 960	70 573	74 384	78 698
Contributions recognised - capital								
<i>List contributions by contract</i>								
Total Contributions recognised - capital								
		—	—	—	—	—	—	—
Depreciation & asset impairment								
Depreciation of Property, Plant & Equipment		21 000	21 000	21 000	21 000	23 000	24 819	26 153
Lease amortisation								
Capital asset impairment								
Depreciation resulting from revaluation of PP	10							
Total Depreciation & asset impairment	1	21 000	21 000	21 000	21 000	23 000	24 819	26 153
Bulk purchases								
Electricity Bulk Purchases		9 596	14 096	14 096	14 096	14 596	35 385	39 562
Water Bulk Purchases								
Total bulk purchases	1	9 596	14 096	14 096	14 096	14 596	35 385	39 562
Transfers and grants								
Cash transfers and grants		650	650	650	650	650	685	722
Non-cash transfers and grants		10 500	10 500	10 500	10 500	10 000	22 220	26 000
Total transfers and grants	1	11 150	11 150	11 150	11 150	10 650	22 905	26 722
Contracted services								
Security - Alarms/Cash in Transit		250	—	—	—	50	53	56
Security Services Contractor		3 900	6 900	6 900	6 900	5 900	6 219	6 554
Disaster Management- Outsourced		3 550	3 550	3 550	3 550	4 694	4 948	5 215
Contractors -Information Technology		950	350	350	350	—	—	—
Contractors -Landfill Site		1 066	2 066	2 066	2 066	696	751	773
Contractors -Prepaid Metering System		635	235	235	235	450	474	500
Contractors -Refuse		6 000	5 000	5 000	5 000	1 804	2 500	2 635
		—	—	—	—			
sub-total	1	16 352	18 102	18 102	18 102	13 594	14 944	15 733
Allocations to organs of state:								
Electricity								
Water								
Sanitation								
Other								
Total contracted services		16 352	18 102	18 102	18 102	13 594	14 944	15 733
Other Expenditure By Type								
Collection costs						—	—	—
Contributions to 'other' provisions						—	—	—
Consultant fees		3 369	3 369	3 369	3 369	4 735	4 991	5 260
Audit fees		2 550	3 050	3 050	3 050	2 310	2 435	2 566
General expenses	3	10 261	8 431	8 431	8 431	10 700	11 254	11 986
Grant and subsidies expenditure		—	—	—	—	—	—	—
Lease Vehicles		739	739	739	739	779	821	866
Ward Committees		2 285	985	985	985	2 600	2 740	2 888
Public Participation		2 460	4 660	4 660	4 660	2 135	2 251	2 372
Training and Development		1 730	1 130	1 130	1 130	1 604	1 666	1 882
Telephone		1 700	1 700	1 700	1 700	1 792	1 889	1 991
Fuel & Oil		2 500	2 500	2 500	2 500	2 635	2 777	2 927
Subsistence & Travelling		1 875	3 875	3 875	3 875	2 264	2 386	2 515
Advertising - Statutory		560	560	560	560	527	575	606
Community Upliftment Programmes		2 057	2 957	2 957	2 957	3 314	6 093	5 661
Traffic and Law Enforcement Programme		116	116	116	116	122	129	136
Sports and Recreation		—	—	—	—	—	—	—
Plans and Frameworks		6 620	4 420	4 420	4 420	5 350	8 053	7 380
Siyaya Development Coastal Plan		—	—	—	—	—	—	—
Shared Service District Town Planning		600	600	600	600	500	500	500
LED Programmes		2 600	1 800	1 800	1 800	1 265	1 333	1 405
Youth programmes		527	527	527	527	555	585	617
Aids Awareness Campaign		—	—	—	—	—	—	—
Insurances - General		450	450	450	450	474	500	527
Licences- Software		1 000	500	500	500	800	843	889
Printing & Stationery		740	740	740	740	1 441	1 519	1 601
Contributions to CRR		—	—	—	—	—	—	—
Total 'Other' Expenditure	1	44 740	43 110	43 110	43 110	45 903	53 341	54 575

Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN291 Mandeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																	
Description	Re	Vote 1 - Executi ve and Council	Vote 2 - Budget and Terasury	Vote 3 - Corpora te Service	Vote 4 - Commu nity and Social	Vote 5 - Sport and Recreati	Vote 6 - Public Safety	Vote 7 - Housing	Vote 8 - Health	Vote 9 - Plannin g and Develop	Vote 10 - Environ mental Protecti	Vote 11 - Road transport	Vote 12 - Waste Manage ment	Vote 13 - Electrici ty	Vote 14 - [NAME OF VOTE	Vote 15 - [NAME OF VOTE	Total
R thousand	1																
Revenue By Source																	
Property rates		–	30 789	–	–	–	–	–	–	–	–	–	–	–			30 789
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–	–	–	–			–
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	17 270			17 270
Service charges - water revenue																	–
Service charges - sanitation revenue																	–
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–	–	8 395	–			8 395
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–			–
Rental of facilities and equipment		–	–	–	65	–	–	–	–	240	–	–	–	–			305
Interest earned - external investments		–	3 000	–	–	–	–	–	–	–	–	–	–	–			3 000
Interest earned - outstanding debtors		–	3 500	–	–	–	–	–	–	–	–	–	–	–			3 500
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–			–
Fines		–	–	–	5	–	500	–	–	–	–	–	–	–			505
Licences and permits		–	–	–	–	–	1 000	–	–	–	–	–	–	–			1 000
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–			–
Other revenue		–	300	–	20	6	30	–	–	150	–	–	–	30			536
Transfers recognised - operational		6 902	122 975	–	2 639	–	–	–	–	–	–	–	5 000	13 500			151 016
Gains on disposal of PPE																	
Total Revenue (excluding capital transfers and		6 902	160 564	–	2 729	6	1 530	–	–	390	–	–	13 395	30 800	–	–	216 316
Expenditure By Type																	
Employee related costs		8 599	12 392	9 940	7 591	379	6 458	–	–	13 206	2 575	5 120	2 068	2 243			70 573
Remuneration of councillors		13 700	–	–	–	–	–	–	–	–	–	–	–	–			13 700
Debt impairment		–	3 862	–	–	–	–	–	–	–	–	–	–	–			3 862
Depreciation & asset impairment		–	23 000	–	–	–	–	–	–	–	–	–	–	–			23 000
Finance charges		–	2 150	–	–	–	–	–	–	–	–	–	–	–			2 150
Bulk purchases		–	–	–	–	–	–	–	–	–	–	–	–	14 596			14 596
Other materials		66	211	705	454	395	422	–	–	3 234	3 500	6 885	–	2 416			18 288
Contracted services		–	450	–	–	–	11 340	–	–	–	–	–	1 804	–			13 594
Transfers and grants		–	–	–	–	–	–	–	–	–	–	–	100	10 550			10 650
Other expenditure		15 293	5 707	7 704	1 997	738	933	–	–	9 247	347	2 452	400	1 086			45 903
Loss on disposal of PPE																	
Total Expenditure		37 658	47 772	18 349	10 042	1 511	19 153	–	–	25 687	6 423	14 457	4 372	30 892	–	–	216 316
Surplus/(Deficit)																	
Surplus/(Deficit)		(30 756)	112 792	(18 349)	(7 313)	(1 505)	(17 623)	–	–	(25 297)	(6 423)	(14 457)	9 023	(92)	–	–	(0)
Transfers recognised - capital		–	–	–	–	–	–	–	–	11 178	–	35 940	–	–			47 118
Contributions recognised - capital		–	–	–	–	–	–	–	–	(11 178)	–	(35 940)	–	–			(47 118)
Contributed assets																	
																	–
Surplus/(Deficit) after capital transfers & contri																	
		(30 756)	112 792	(18 349)	(7 313)	(1 505)	(17 623)			(25 297)	(6 423)	(14 457)	9 023	(92)			(0)

Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN291 Mandeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		59,803	60,287	28,123	68,868	23,361	23,361	23,361	5,038	5,912	11,361
Other current investments > 90 days											
Total Call investment deposits	2	59,803	60,287	28,123	68,868	23,361	23,361	23,361	5,038	5,912	11,361
Consumer debtors											
Consumer debtors		78,234	93,780	104,527	98,000	81,169	81,169	81,169	115,000	131,000	150,000
<u>Less: Provision for debt impairment</u>		(48,942)	(65,968)	(75,963)	(52,000)	(74,460)	(74,460)	(74,460)	(75,789)	(80,789)	(88,789)
Total Consumer debtors	2	29,292	27,812	28,564	46,000	6,709	6,709	6,709	39,211	50,211	61,211
Debt impairment provision											
Balance at the beginning of the year		41,838	48,942	65,968	36,000	52,000	52,000	52,000	74,460	75,789	80,789
Contributions to the provision		7,104	17,026	17,026	20,000	47,569	47,569	47,569	3,825	10,000	10,000
Bad debts written off				(7,031)	(4,000)	(25,109)	(25,109)	(25,109)	(2,497)	(5,000)	(2,000)
Balance at end of year		48,942	65,968	75,963	52,000	74,460	74,460	74,460	75,789	80,789	88,789
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		287,067	333,830	402,774	406,461	485,511	485,511	485,511	537,580	558,983	606,909
Leases recognised as PPE											
<u>Less: Accumulated depreciation</u>	3	55,304	73,120	94,183	109,109	115,183	115,183	115,183	126,277	145,000	170,000
Total Property, plant and equipment (PPE)	2	231,763	260,710	308,591	297,352	370,328	370,328	370,328	411,303	413,983	436,909
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities			164	193		194	194	194	1,210	1,300	1,500
Total Current liabilities - Borrowing		-	164	193	-	194	194	194	1,210	1,300	1,500
Trade and other payables											
Trade and other creditors		5,698	8,768	11,354	2,553	10,472	10,472	10,472	11,000	5,000	5,000
Unspent conditional transfers		11,133	15,297	7,318		7,318	7,318	7,318	16,000	2,000	2,000
VAT			707								
Total Trade and other payables	2	16,831	24,772	18,672	2,553	17,790	17,790	17,790	27,000	7,000	7,000
Non current liabilities - Borrowing											
Borrowing	4										
Finance leases (including PPP asset element)			405	212		212	212	212	2,660	2,000	1,500
Total Non current liabilities - Borrowing		-	405	212	-	212	212	212	2,660	2,000	1,500
Provisions - non-current											
Retirement benefits		9,731	10,986	15,267	13,000	15,267	15,267	15,267	17,000	20,000	24,000
List other major provision items											
Refuse landfill site rehabilitation											
Other											
Total Provisions - non-current		9,731	10,986	15,267	13,000	15,267	15,267	15,267	17,000	20,000	24,000
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		291,512	326,341	359,737	367,152	370,422	370,422	370,422	417,427	451,184	485,740
GRAP adjustments			23,635								
Restated balance		291,512	349,976	359,737	367,152	370,422	370,422	370,422	417,427	451,184	485,740
Surplus/(Deficit)		34,636	9,761	18,653	43,955	47,005	47,005	47,005	33,757	34,556	35,993
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments		193									
Accumulated Surplus/(Deficit)	1	326,341	359,737	378,390	411,107	417,427	417,427	417,427	451,184	485,740	521,733
Reserves											
Housing Development Fund		1,673	1,723	1,784	1,800	1,784	1,784	1,784	1,800	1,800	1,800
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	1,673	1,723	1,784	1,800	1,784	1,784	1,784	1,800	1,800	1,800
TOTAL COMMUNITY WEALTH/EQUITY	2	328,014	361,460	380,174	412,907	419,211	419,211	419,211	452,984	487,540	523,533

Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

KZN291 Mandeni - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population					138	138	138	138	138	134		
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment					57	57	57	57	57	58		
Monthly household income (no. of	1, 12											
No income					55 739	55 739	55 739	55 739	55 739	55 740		
R1 - R1 600					2 071	2 071	2 071	2 071	2 071	33 612		
R1 601 - R3 200					3 971	3 971	3 971	3 971	3 971	3 971		
R3 201 - R6 400					9 818	9 818	9 818	9 818	9 818	9 818		
R6 401 - R12 800					8 735	8 735	8 735	8 735	8 735	8 735		
R12 801 - R25 600					4 414	4 414	4 414	4 414	4 414	4 414		
R25 601 - R51 200					2 135	2 135	2 135	2 135	2 135	516		
R52 201 - R102 400					1 220	1 220	1 220	1 220	1 220	-		
R102 401 - R204 800					616	616	616	616	616	616		
R204 801 - R409 600					88	88	88	88	88	88		
R409 601 - R819 200					34	34	34	34	34	34		
> R819 200					28	28	28	28	28	28		
Poverty profiles (no. of households)												
< R2 060 per household per month	13				17 270	17270.00	17270.00	17270.00	17270.00	17270.00		
Insert description	2											
Household/demographics (000)												
Number of people in municipal area					138 079	138	138	138	138	138		
Number of poor people in municipal area					66 264	66	66	66	66	66		
Number of households in municipal area					38 235	38	38	38	38	38		
Number of poor households in municipal area					24 595	25	25	25	25	25		
Definition of poor household (R per month)												
Housing statistics	3											
Formal					33 519	33 519	33 519	33 519	33 519	33 519		
Informal					4 716	4 716	4 716	4 716	4 716	4 716		
Total number of households												
Dwellings provided by municipality	4				38 235	38 235	38 235	38 235	38 235	38 235	-	
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings												

Detail on the provision of municipal services for A10											
Total municipal services	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	9 851	9 851	9 851	9 851	9 851	9 851	10 501	11 152	11 810
		Piped water inside yard (but not in dwelling)	10 902	10 902	10 902	10 902	10 902	10 902	11 622	12 385	13 116
	8	Using public tap (at least min.service level)	-	-	-	-	-	-	-	-	-
	10	Other water supply (at least min.service level)	17 482	17 482	17 482	17 482	17 482	17 482	18 636	19 791	20 821
		Minimum Service Level and Above sub-total	38 235	38 235	38 235	38 235	38 235	38 235	40 759	43 329	45 746
		9 Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
		10 Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
		No water supply	-	-	-	-	-	-	-	-	-
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	38 235	38 235	38 235	38 235	38 235	38 235	40 759	43 329	45 746
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	11 313	11 313	11 313	11 313	11 313	11 313	12 060	12 807	13 563
		Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
		Chemical toilet	8 587	8 587	8 587	8 587	8 587	8 587	9 154	9 721	10 295
		Pit toilet (ventilated)	15 173	15 173	15 173	15 173	15 173	15 173	16 174	17 177	18 191
		Other toilet provisions (> min.service level)	2 690	2 690	2 690	2 690	2 690	2 690	2 868	3 045	3 255
		Minimum Service Level and Above sub-total	37 763	37 763	37 763	37 763	37 763	37 763	40 255	42 751	45 304
		Bucket toilet	472	472	472	472	472	472	472	300	-
		Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
		No toilet provisions	-	-	-	-	-	-	-	-	-
		Below Minimum Service Level sub-total	472	472	472	472	472	472	472	300	-
		Total number of households	38 235	38 235	38 235	38 235	38 235	38 235	40 727	43 051	45 304
		Energy:									
		Electricity (at least min.service level)	1 009	1 009	-	1 053	1 053	1 053	1 040	1 040	1 040
		Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
		Minimum Service Level and Above sub-total	1 009	1 009	-	1 053	1 053	1 053	1 040	1 040	1 040
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
		Other energy sources	-	-	-	-	-	-	-	-	-
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	1 009	1 009	-	1 053	1 053	1 053	1 040	1 040	1 040
	Refuse:										
	Removed at least once a week	-	-	-	-	-	-	-	-	-	
	Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-	
	Removed less frequently than once a week	-	-	-	-	-	-	-	-	-	
	Using communal refuse dump	-	-	-	-	-	-	-	-	-	
	Using own refuse dump	-	-	-	-	-	-	-	-	-	
	Other rubbish disposal	-	-	-	-	-	-	-	-	-	
	No rubbish disposal	-	-	-	-	-	-	-	-	-	
	Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-	
	Total number of households	-	-	-	-	-	-	-	-	-	

Municipal in-house services	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	9 851	9 851	9 851	9 851	9 851	9 851	10 501	11 152	11 810
		Piped water inside yard (but not in dwelling)	10 902	10 902	10 902	10 902	10 902	10 902	11 622	12 385	13 116
		Using public tap (at least min.service level)									
		Other water supply (at least min.service level)	17 482	17 482	17 482	17 482	17 482	17 482	18 636	19 791	20 821
		<i>Minimum Service Level and Above sub-total</i>	38 235	38 235	38 235	38 235	38 235	38 235	40 759	43 329	45 746
		9 Using public tap (< min.service level)									
		10 Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	38 235	38 235	38 235	38 235	38 235	38 235	40 759	43 329	45 746
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	11 313	11 313	11 313	11 313	11 313	11 313	12 060	12 807	13 563
		Flush toilet (with septic tank)									
		Chemical toilet	8 587	8 587	8 587	8 587	8 587	8 587	9 154	9 721	10 295
		Pit toilet (ventilated)	15 173	15 173	15 173	15 173	15 173	15 173	16 174	17 177	18 191
		Other toilet provisions (> min.service level)	2 690	2 690	2 690	2 690	2 690	2 690	2 868	3 045	3 255
		<i>Minimum Service Level and Above sub-total</i>	37 763	37 763	37 763	37 763	37 763	37 763	40 255	42 751	45 304
		Bucket toilet	472	472	472	472	472	472	472	300	-
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>	472	472	472	472	472	472	472	300	-
		Total number of households	38 235	38 235	38 235	38 235	38 235	38 235	40 727	43 051	45 304
		Energy:									
		Electricity (at least min.service level)	1 009	1 009		1 053	1 053	1 053	1 040	1 040	1 040
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	1 009	1 009	-	1 053	1 053	1 053	1 040	1 040	1 040
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	1 009	1 009	-	1 053	1 053	1 053	1 040	1 040	1 040
		Refuse:									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-

Table 57 MBRR SA32 – List of external mechanisms

KZN291 Mandeni - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs /	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation	Mt hs	Number			R thousand
KPMG	Yrs	3	Internal Audit	05 January 2018	–
Mandeni Waste Services	Yrs	3	Refuse removal	30 June 2018	1 084
Prosecure	Yrs	3	Security	30 July 2019	5 900
Steiner Hygein	Yrs	1	Cleaning	30 June 2018	250
Rural Metro	Yrs	1	Fire Brigade	30 June 2018	3 203
Conlog	Yrs	1	Smart Metering System	30 June 2016	450
City of Choice	Yrs	1	Travel Agent	30 June 2016	500
Imfezi Security	Yrs	1	Cash in transit	30 June 2018	41
Durban Snax CC Umlalazi Pound	Yrs	3	Animal Pound	31 May 2019	696
Equistra Fleet	Yrs	2	Fleet	30 September 2018	750
Uthungulu-Landfill	Yrs	1	Landfill Site	30 June 2018	720

2.17 Municipal manager's quality certificate

I LH Mapholoba, municipal manager of Mandeni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Mr S.G. Khuzwayo

Acting Municipal manager of Mandeni Municipality (KZN 291)

Signature_____

Date 30th March 2017